

SEP 23 1987

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No.

IN THE

**Supreme Court of the United States**

October Term, 1987

CHARLES R. CHRISTIANSON AND  
INTERNATIONAL TRADE SERVICES, INC.,  
*Petitioners,*

vs.

COLT INDUSTRIES OPERATING, CORP.  
*Respondent.*

**PETITION FOR WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

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## QUESTIONS PRESENTED

This is an antitrust case involving the U.S. military rifle, the M-16, and presents the following questions:

1. Whether a U.S. Court of Appeals may rule on the merits of an appeal when it expressly rules that it does not have subject matter jurisdiction pursuant to statute.

After the Federal Circuit ruled that it lacked jurisdiction it transferred this appeal to the Seventh Circuit, which in turn, ruled that it lacked jurisdiction and transferred the appeal back to the Federal Circuit. The Federal Circuit again ruled that it had no jurisdiction pursuant to statute, but nonetheless ruled on the merits of the appeal.

2. Whether critical trade secrets known by a patentee when it files for a patent may be concealed from the patent, and then later enforced under state law, permitting perpetuation of the patent monopoly after the patent expires.

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The caption contains the names of all parties. Supreme Court Rule 21.1(b). Petitioner, International Trade Services, Inc., pursuant to Supreme Court Rule 28.1, states that it has no parent, subsidiaries or affiliates.

## TABLE OF CONTENTS

	<i>Page</i>
Questions Presented .....	i
Table of Authorities .....	iv
Petition .....	1
Opinions Below .....	2
Supreme Court Jurisdiction .....	2
Constitutional and Statutory Provisions Involved .....	2
Statement of the Case .....	3
Background in the District Court .....	3
The Jurisdictional Conflict Between the Appellate Courts .....	4
The District Court Decision on the Merits .....	5
The Federal Circuit Decision on the Merits .....	10
Reasons for Granting the Writ .....	12
This Court should Address the Jurisdictional and Procedural Conflict between the Federal and Seventh Circuits which Led the Federal Circuit to Rule on the Merits Without Authority under the Constitution and Despite its Express Ruling of No Statutory Jurisdiction .....	12
The Opinion of the Federal Circuit on the Merits Has Sanctioned The Use of Critical Trade Secrets as a Mechanism for Extending a Patent Monopoly Beyond the Expiration of the Patent .....	15
1. The Decision is in Conflict with this Court's and other Appeals Court's Decisions .....	15
2. The Case Presents the Opportunity to Clarify the Interface Between Issued and Expired Patents and Trade Secret Law .....	16

3. The Federal Circuit's Interpretation of a <i>Limita- tion</i> to the Patent Disclosure Statute has No Sup- port in the Statutory Language and Improperly Favors the Interests of the Patentee Over those of the Public .....	17
Conclusion .....	22
Petitioner's Appendix .....	PA-1
Federal Circuit Decision, June 25, 1987 .....	PA-1
Seventh Circuit Decision, August 19, 1986 .....	PA-41
Federal Circuit Order and Judgment, December 4, 1985 .....	PA-63
District Court Judgment, July 19, 1985 .....	PA-67
District Court Decision, May 24, 1985 .....	PA-73
Colt Letter, April 10, 1984 .....	PA-93
Colt Letter, September 14, 1984 .....	PA-95
Bredbury Affidavit .....	PA-99
Statutes .....	PA-101

## TABLE OF AUTHORITIES

Cases	Page
<i>Aronson v. Quick Point Pencil Co.</i> , 440 U.S. 257 (1979) .	17
<i>Boggild, et al. v. Kenner Products</i> , 776 F.2d 1315 (6th Cir. 1985) cert. denied 106 S.Ct. 3284 (1986) . . . . .	15
<i>Brulotte v. Thys Company</i> , 379 U.S. 29 (1965) . . . . .	15
<i>Christianson v. Colt Industries Operating Corp.</i> , 609 F. Supp. 1174, judgment, 613 F.Supp. 330 (C.D. Ill. 1985) . . . . .	1, passim
<i>Christianson v. Colt Industries Operating Corp.</i> , 798 F.2d 1051 (7th Cir. 1986) . . . . .	1, passim
<i>Christianson v. Colt Industries Operating Corp.</i> , 822 F.2d 1544 (Fed. Cir. 1987) . . . . .	1, passim
<i>Dale Electronics, Inc. v. R.C.L. Electronics, Inc.</i> , 488 F.2d 382 (1st Cir. 1973) . . . . .	21
<i>Diamond, Comr. Pats. v. Chakrabarty</i> , 447 U.S. 303 (1980) . . . . .	18
<i>Dow Chemical Co. v. American Bromine Co.</i> , 210 Mich. 262, 177 N.W. 996 (Mich. S.Ct. 1920) . . . . .	9, 15
<i>Engelhard Industries Inc. v. Sel-Rex Corp.</i> , 253 F.Supp. 832, (D. N.J. 1966) <i>aff'd</i> 384 F.2d 877 (3rd Cir. 1967) .	21
<i>Firestone Tire &amp; Rubber Co. v. Risjord</i> , 449 US 368 (1981) 12, 13	
<i>Flick Reedy Corp. v. Hydro Line Mfg. Co.</i> , 351 F.2d 546 (7th Cir. 1965), cert. denied, 383 U.S. 958 (1966) . . .	20, 21
<i>Franchise Tax Board v. Construction Laborers Vacation Trust</i> , 463 U.S. 1 (1983) . . . . .	14
<i>Grant v. Raymond</i> , 31 U.S. 141 (1832) . . . . .	11
<i>Hoffman v. Blaski</i> , 363 U.S. 335 (1960) . . . . .	13
<i>ILG Industries, Inc. v. Scott</i> , 49 Ill.2d 88, 273 N.E. 2d 393 (1971) . . . . .	6

<i>In re Argoudelis</i> , 434 F.2d 1390 (CCPA 1970) . . . . .	21
<i>Kellogg Co. v. National Biscuit Co.</i> , 305 U.S. 111 (1938) .	16
<i>Kendall v. Winsor</i> , 62 U.S. 322 (1858) . . . . .	18
<i>Kewanee Oil Co. v. Bicron Corp.</i> , 416 U.S. 470 (1974) .	16, 17, 19
<i>Le Roy v. Tatham</i> , 55 U.S. 167 (1852) . . . . .	19
<i>Merrell Dow Pharmaceuticals v. Thompson</i> , 478 U.S. —, 106 S.Ct. 3229 (1986) . . . . .	14
<i>Parker, Acting Comr. Pats. v. Flook</i> , 437 U.S. 584 (1978) .	18
<i>Pennock v. Dialogue</i> , 27 U.S. 1 (1829) . . . . .	18
<i>Pitney Bowes, Inc. v. Mestre</i> , 701 F.2d 1365 (11th Cir.) cert. denied, 104 S.Ct. 239 (1983) . . . . .	15
<i>Rototron Corp. v. Lake Shore Burial Vault Co., Inc.</i> , 712 F.2d 1214 (7th Cir. 1983) . . . . .	9, 15
<i>Scott Paper Co. v. Marcalus Mfg. Co.</i> 326 U.S. 249 (1945) . .	9, 15
<i>Sears, Roebuck &amp; Co. v. Stiffel Company</i> , 376 U.S. 225 (1964) . . . . .	9, 15, 16, 17
<i>Shaw v. Cooper</i> , 32 U.S. 184 (1833) . . . . .	18
<i>Sheldon v. Sill</i> , 49 U.S. 441 (1850) . . . . .	12
<i>Singer Mfg. Co. v. June Mfg. Co.</i> , 163 U.S. 169 (1896) . .	16
<i>Smith v. Snow</i> , 294 US 1 (1935) . . . . .	11
<i>Sony Corp. of America v. Universal City Studios</i> , 464 U.S. 417 (1984) . . . . .	18
<i>Stratton v. St. Louis Southwestern R. Co.</i> , 282 U.S. 10 (1930) . . . . .	12
<i>Syntex Ophthalmics, Inc. v. Novicky</i> , 591 F.Supp. 28 (N.D. Ill. 1983), <i>aff'd</i> , 795 F.2d 983 (Fed Cir. 1984) .	6
<i>Union Carbide Corp. v. Borg-Warner Corp.</i> , 550 F.2d 355, (6th Cir. 1977) . . . . .	11, 20, 21



<i>United States v. Line Material Co.</i> , 333 U.S. 287 (1948)	20
<i>United States v. National Lead Co.</i> , 332 U.S. 319 (1947)	9
<i>Universal Oil Products Co. v. Globe Oil &amp; Refining Co.</i> , 322 U.S. 471 (1944)	17
<i>Webster Looms v. Higgins</i> , 105 U.S. 580 (1882)	19
<i>Weil v. Freitz, Evans, and Cooke</i> , 601 F.2d 551 (CCPA 1979)	20
<i>White Consolidated Industries v. Vega Servo-Control</i> , 713 F.2d 788 (Fed. Cir. 1983)	21

#### *Constitutional Provisions*

U.S. Constitution Art. I, §8, Cl. 8	2, 15
U.S. Constitution Art. III, §1	3, 12

#### *Statutes of the United States*

15 U.S.C. §1	3
15 U.S.C. §2	3
15 U.S.C. §4	4
15 U.S.C. §15	3, 4
15 U.S.C. §26	3, 4
15 U.S.C. §1121	4
28 U.S.C. §1254(1)	2
28 U.S.C. §1254(3)	5
28 U.S.C. §1291	3, 4
28 U.S.C. §1295	3, 4, 5, 13
28 U.S.C. §1332	4
28 U.S.C. §1338	3, 4, 13, 14
28 U.S.C. §1631	3, 4, 13
28 U.S.C. §2101(c)	2

35 U.S.C. §112	3, 9, 12, 14, 17, 18, 20, 21
35 U.S.C. §154	3, 17

#### *Other Authorities*

Carlson, <i>The Best Mode Disclosure Requirement in Patent Practice</i> , 60 J.P.O.S. 171 (1978)	19
McDougall, <i>The Courts Are Telling Us: "Your Client's Mode Must Be Disclosed"</i> , 59 J.P.O.S. 321 (1977)	20

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**PETITION FOR WRIT OF CERTIORARI  
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**PETITION**

Petitioners, Charles R. Christianson and International Trade Services, Inc., (collectively "Christianson") respectfully pray that a Writ of Certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") entered in the above entitled case on June 25, 1987.

## OPINIONS BELOW

The Opinion of the Federal Circuit rendered on June 25, 1987 is reported at 822 F.2d 1544 and is reprinted at PA-1.\*

The Opinion of the United States Court of Appeals for the Seventh Circuit ("Seventh Circuit") rendered on August 19, 1986 is reported at 798 F.2d 1051 and is reprinted at PA-41.

The unpublished Opinion and Order of the Federal Circuit rendered on December 4, 1985 is reprinted at PA-63.

The Judgment on Liability of the United States District Court for the Central District of Illinois was entered on July 19, 1985, is reported at 613 F.Supp. 330 and is reprinted at PA-67.

The Memorandum Opinion of the the United States District Court for the Central District of Illinois was entered on May 24, 1985, is reported at 609 F.Supp. 1174 and is reprinted at PA-73.

## SUPREME COURT JURISDICTION

The Judgment of the Federal Circuit was entered on June 25, 1987. This Petition for Writ of Certiorari has been timely filed within ninety days thereafter (28 U.S.C. 2101(c); Supreme Court Rules 20.2, 20.4). The jurisdiction of the Supreme Court is invoked pursuant to 28 U.S.C. 1254(1).

## CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article I, Sec. 8, Cl. 8 of the Constitution, in part, provides:

The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

\* "PA-1" is short for "Petitioner's Appendix Page 1."

Article III, Sec. 1 of the Constitution, in part, provides:

The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.

The Federal Courts Improvement Act. "Jurisdiction of the U.S. Court of Appeals for the Federal Circuit." Title 28 U.S.C. §1295 is reprinted at PA-101.

Title 28 U.S.C. §1291 is reprinted at PA-103.

Title 28 U.S.C. §1338 is reprinted at PA-103.

Title 28 U.S.C. §1631. "Transfers for Want of Jurisdiction" is reprinted at PA-104.

The Federal Antitrust Laws. Clayton and Sherman Acts. Title 15 U.S.C. §§15 and 26 reprinted at PA-105-106, and Title 15 U.S.C. §§1 and 2 reprinted at PA-104-105.

Title 35 U.S.C. §112, reprinted at PA-107, which in pertinent part provides that a patent must:

contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Title 35 U.S.C. §154 reprinted at PA-108, which in pertinent part provides that a patent has a "term of seventeen years."

## STATEMENT OF THE CASE

### Background in the District Court

Christianson, and his M-16 parts company International Trade Services, Inc., sued Colt for antitrust violations involving Colt's nearly 100% monopolization of the market for the U.S. military standard rifle, known as the "M-16," and its component parts. The complaint was amended to add a related count of tortious interference with business relationships.

Jurisdiction of the District Court was invoked under 28 U.S.C. §1332 and 15 U.S.C. §§4, 15 and 26.

Colt answered the complaint and counterclaimed. It alleged that it was merely engaging in a justified effort to enforce restrictive covenants to protect its trade secrets. Consequently, Colt argued that its group boycott, which drove Christianson's company out of business, was legitimate. Further jurisdictional bases were invoked, such as 28 U.S.C. §1338 (trademark infringement), 15 U.S.C. §1121, and the doctrines of pendant and ancillary jurisdiction.

Based upon undisputed facts, the parties filed cross motions for summary judgment. The District Court granted summary judgment of liability against Colt on both the antitrust and tortious interference claims and dismissed two of Colt's trade secret counterclaims. The District Court held that Colt had engaged in a "flagrant abuse" of the patent system by concealing critical trade secrets from its patents and consequently found such trade secrets to be unenforceable.

### **The Jurisdictional Conflict Between the Appellate Courts**

Colt appealed the District Court's judgment to the Federal Circuit. Christianson moved to transfer the appeal to the Seventh Circuit, alleging the Federal Circuit lacked subject matter jurisdiction because his complaint did not "arise under" the patent laws. The Federal Circuit could not discern any basis for its jurisdiction under 28 U.S.C. §1295 ("Jurisdiction of the U.S. Court of Appeals for the Federal Circuit"), and transferred the appeal, pursuant to 28 U.S.C. §1631 ("Transfer to Cure Want of Jurisdiction") to the proper regional circuit which, under 28 U.S.C. §1291, was the Seventh Circuit.

The parties briefed and orally argued the merits before the Seventh Circuit. The Seventh Circuit, without addressing the merits, decided that the Federal Circuit was "clearly wrong" on the jurisdiction issue and ordered the appeal transferred back, citing 28 U.S.C. §1631.

Back in the Federal Circuit, Christianson moved to dismiss the appeal. Oral argument was held before the Federal Circuit on both jurisdiction and merits. The Federal Circuit, after an extensive review of its jurisdiction under 28 U.S.C. §1295, decided that the Seventh Circuit was "clearly wrong," and that a "monumental misunderstanding of the patent jurisdiction granted" the Federal Circuit had occurred. It stated:

This court was correct in its original transfer of this appeal to the Seventh Circuit. (PA-36)

. . . , we are convinced that Congress never intended this court to exercise jurisdiction over an appeal from a judgment like that *sub judice*. Because we can still, as was said in our original transfer order, "discern no basis for jurisdiction in the Court of Appeals for the Federal Circuit," . . . (PA-10)

We have again concluded that this court has not been granted jurisdiction over an appeal from this type of summary judgment in an antitrust case, . . . (PA-27)

The Federal Circuit determined that it would not be in the "interests of justice" to re-re-transfer the appeal back to the Seventh Circuit, denied Christianson's motion to dismiss, and declined to seek the assistance of this Court under 28 U.S.C. §1254(3). Notwithstanding its express ruling that it had not been granted jurisdiction, it proceeded to render a decision on the merits.

### **The District Court Decision on the Merits**

Since the M-16 was adopted as the U.S. military standard rifle in early 1964 and continuing to the present, Colt has in large measure controlled its manufacture and sale. After the M-16 became the standard weapon, Colt reinforced its position of control by obtaining numerous patents on M-16 improvements. However, after these patents began to expire, Colt undertook a campaign to eliminate the fledgling competition which was developing. Colt persuaded Christianson's suppliers and customers to agree not to deal with him. It told them, for example:



... [This letter is] to put you on notice of one flagrantly illegitimate source of which we have become aware: Charles Christianson and his International Trade Services company. . . .

In, fact the only legitimate source of 'M16' parts is Colt. . . .(PA-94)

As a result of numerous similar actions, Christianson was forced out of his eight year old M-16 parts business which he had originally entered with Colt's permission.

Colt explained that its actions in putting Christianson out of business were nothing more than proper enforcement of trade secrets under state law. Its alleged trade secrets were the dimensions and tolerances which Christianson, and all others, need to have in order to make an M-16 part that will functionally fit in any M-16 rifle *ever made*. These trade secrets were the so-called M-16 parts "interchangeability specifications."

The "interchangeability specifications" were critical because, under combat conditions, it was an inevitable necessity to scavenge parts from one M-16 in order to repair another. If a part was not made within the proper tolerances it would not fulfill this functional combat requirement. Consequently, the U.S. Military, and other governments that standardized on the M-16, would not buy or use such a non-interchangeable M16 part. These interchangeability specifications were, of necessity, unchanged since early 1964 when the M-16 became the U.S. standard.

Under state law, 20-year old dimensions and tolerances for a marketed product were usually not protectable as trade secrets since they were typically duplicatable by measurement (i.e. "reverse engineerable"). Accordingly, trade secret protection would usually not attach after such a time period. See *ILG Industries, Inc. v. Scott*, 49 Ill.2d 88, 273 N.E. 2d 393 (1971), *Syntex Ophthalmics, Inc. v. Novicky*, 591 F.Supp. 28 (N.D. Ill. 1983), *aff'd*, 795 F.2d 983 (Fed Cir. 1984), and cases cited therein. However, Colt distinguished its situation from these

cases by contending that the interchangeability specifications for an M-16 part were of such character that they could not be duplicated by "reverse engineering" to meet the critical interchangeability needed in the battlefield for all guns made since standardization. Colt's letters emphasized this to Christianson's customers and suppliers:

In theory, "reverse-engineering" may not infringe Colt's rights, provided, among other things, that the designer legitimately "reverse-engineers" parts that do not infringe any unexpired Colt patents, using information derived solely from his analysis of the parts and not Colt or Colt-derived proprietary information. In practice, however, Colt and others who have considered the problem seriously question whether such an undertaking is possible, in that the resulting parts would not in fact be equivalent to and interchangeable with Colt parts. A part that does not carry an assurance of interchangeability with existing "M16" parts should not in any circumstances be designated, labeled, or advertised as an "M16" part. (PA-93)

See also Colt letter at PA-95.

Thus the restrictive covenants controlling these specifications not only allowed Colt to continue to control the market, but on numerous occasions they have prevented improvements from being made by others to various parts of the standard U.S. firearm. In contrast, Colt has given itself numerous improvement patents covering M-16 parts and accessories. One example was a government request for drawings containing the interchangeability specifications for developing a grenade launcher which could be attached to the M-16. Instead of permitting their use, Colt developed and patented its own M-16 grenade launcher which became the standard of the U.S. Air Force. In another instance, just after Colt obtained two patents covering improved magazines for the M-16 and had filed for a third, Colt refused to allow the U.S. Army to use drawings needed for its magazine development.

Colt had filed for numerous patents after the interchangeability specifications had been standardized, nine of

which are dealt with in the District Court's judgment. The record reflected that each invention had been developed specifically to improve or fix the M-16. Moreover, the scope of the patent claims covered the actual M-16 parts. The record also showed that, during their terms, Colt had threatened enforcement of the patents and had licensed them to the U.S. Government and others in conjunction with M-16 manufacture.

The direct relationship of the patents to M-16 parts was borne out by the testimony of Colt's expert witness, Mr. Bredbury. For example, on the bolt assist invention of U.S. Patent No. 3,236,155, he stated that it was intended to fix a *design problem with the M-16* in closing the bolt and that:

The patent drawings illustrate the use of such a mechanism in an "M16" rifle, and I know that it was used in the "M16A1" production version. . . . The '155 patent drawings and specification clearly show how the claimed invention *interacts and integrates* with a particular gas-operated firearm, the "M16" rifle. . . . I am not aware, and have not been advised, of a better mode that existed as of July 1964 for practicing the claimed invention than that disclosed in the patent. (Bredbury Aff. 12, PA-100 Emphasis added)

Moreover, Colt admitted "that the inventors 'concealed' [from the patent applications] the dimensions and tolerances necessary to make parts interchangeable with Colt's 'M-16' parts." (Colt Main Brief on Appeal p. 24) Those were the unduplicatable specifications that ensured Colt's exclusive position.

After extensive analysis of the law relating to patent disclosure, the District Court concluded that the best mode of carrying out each of the "claimed inventions" in each of the patents "was the improvement of the M-16 military weapon, with the essential requirement that each of the *parts modifications* be fully interchangeable with the *corresponding part* in every M-16 ever produced." 609 F.Supp. at 1181 (PA-84) (Emphasis added). After reviewing those patents and their claims it further stated "Each [patent] describes the *claimed*

*invention* in a generalized way, without disclosing . . . the elements of structural detail and tolerances required to achieve the paramount requirement of full interchangeability of parts" in the M-16. 609 F.Supp. at 1182 (PA-87) (Emphasis added) It then noted:

Fifth, we have the situation where the patent applications are on an *improved component* which is interchangeable with and *serves as a replacement for a corresponding component* of a much larger standard U.S. product, which even more uniquely has the U.S. standards privately and secretly owned by the patent applicant.

Applying the above facts under the standard of Section 112 must [lead to] the conclusion that *at least the crucial interchangeability specifications* should have been in the patent. 609 F.Supp. at 1182 (PA-86) (Emphasis added)

It thus concluded that "a consistent pattern emerges when the several patents are compared. In each, Colt failed to disclose that information which was essential to disclosure of the best mode known to the patentee for practicing the *claimed invention*." 609 F.Supp. at 1183 (PA-87). (Emphasis added).

The District Court then held that the critical interchangeability specifications that were needed to make and use the inventions for the M-16 could not be enforceable as trade secrets.<sup>1</sup> Colt's alleged justification for its anticompetitive conduct was invalid and it was liable for driving Christianson out of business.

The District Court then decided, under its power to fashion an appropriate remedy in an antitrust case,<sup>2</sup> that:

Though *some of the M-16 trade secrets did not directly have to be disclosed in the patents* for various reasons of timing and subject matter, in order to best place the public

<sup>1</sup> Citing, among others, *Scott Paper Co. v. Marcalus Mfg. Co.* 326 U.S. 249 (1945), *Sears Roebuck & Co. v. Stiffel Company*, 376 U.S. 225 (1964), *Rototron Corp. v. Lake Shore Burial Vault Co., Inc.*, 712 F.2d 1214 (7th Cir. 1983), and *Dow Chemical Co. v. American Bromine Co.*, 210 Mich. 262, 177 N.W. 996 (Mich. S.Ct. 1920).

<sup>2</sup> See, e.g., *United States v. National Lead Co.*, 332 U.S. 319 (1947), affirming judgment disgorging trade secrets to foster competition.



in a position it would have been in but for the wrongful acts of Colt Industries, and provide for proper competition, it is hereby declared that all trade secrets in technical information relating to the M-16, which came into existence prior to the entry of this order, are hereby declared void and unenforceable. 613 F.Supp. at 331. (PA-69) (Emphasis added)

At Colt's request, the District Court Judgment also stated that Colt's own patents were invalid.

### The Federal Circuit Decision on the Merits

The interchangeability specifications were needed to make *just one* fully functional M-16 part, since that one part had to be able to fulfill its role of being moved from one M-16 to the next M-16 in the battlefield. The Federal Circuit ignored this fact. Instead, the Federal Circuit mistakenly categorized the trade secrets as nothing more than mere "mass-production" specifications. From that conclusion, it mischaracterized the District Court decision as requiring all "dimensions, tolerances and production drawings needed to mass produce the M-16 rifle" to be disclosed in each and every patent covering just a part of the rifle.<sup>3</sup> (PA-31)

While ignoring the *criticality* and *unduplicatability* of the secrets at issue, the Court then went on to state that the patent statutes never require disclosure of any "data on how to mass-produce the invented product [as opposed to the entire rifle]." This unprecedented legal principle was stated by citing cases, all of which stood for the correct and more limited proposition that information that is either *duplicatable* by others or not even known to the inventor at the time of filing his patent need not be disclosed. (PA-32)

<sup>3</sup> Christianson's Brief on Appeal at p. 38 pointed out that "... Colt's claims relate to M-16 component parts not the entire rifle. Christianson's counsel, at oral argument, repeated to the Federal Circuit that the missing disclosure was just the critical interchangeability specifications for putting the patented component in the M-16 and no more.

No court, until now, has held that "production specifications," by their nature, could never be required disclosure. As far back as *Grant v. Raymond*, 31 U.S. 141 (1832) this Court held that a jury could invalidate a patent for failing to disclose "proportions," "sizes," "distances" and the "bigness or size of the principal parts of said machine" if it decided that such failure prevented others from making and using the patented machine.

The Federal Circuit faulted the District Court for not looking at the "*claimed invention*" despite the express statements in the District Court's decision that it had.<sup>4</sup> 609 F.Supp. at 1182 (PA-87) Curiously, the Federal Circuit found that since Colt's patent claims did not recite "M-16" or "interchangeability", that "[t]hus the best mode for making and using and carrying out the *claimed invention* does not entail or involve either the M-16 rifle or interchangeability." (PA-33, 34)<sup>5</sup> It further ignored the testimony of Colt's own witness (*supra*, p. 8), and stated that "The patents relate to no particular 'existing' weapon."<sup>6</sup> (PA-30)

<sup>4</sup> The patent-by-patent analysis, that the Federal Circuit claims was not done, in fact had been done and was referenced by the District Court in its opinion (609 F.Supp. at 1182) where Judge Morgan adopts "Plaintiffs' careful analysis of Colt's" patents, referring to the detailed patent-by-patent analysis in Christianson's District Court briefs. That analysis was expressly referenced in Christianson's appellate brief at p. 17.

<sup>5</sup> The Federal Circuit's "*claimed invention*" analysis conflicts with, among others, *Smith v. Snow*, 294 US 1 (1935). In *Snow*, this Court found that the patent specification, to disclose the best mode, had to contain numerous details regarding the "particular form in which the petitioner reduced the claim to practice." However, the claim language as a measure of the scope of the patent grant, was in much broader terms and did not include the details.

<sup>6</sup> This determination was in conflict with the Sixth Circuit's holding in *Union Carbide Corp. v. Borg-Warner Corp.*, 550 F.2d 355 (6th Cir. 1977), that the "best mode" can logically be presumed to be the commercial embodiment.

The Federal Circuit determined, in essence, that as a matter of law, the critical trade secrets which enable Colt's M-16 improvement inventions to be incorporated into the M-16 are "simply and totally irrelevant" to what must be disclosed in the patents under 35 U.S.C. § 112. (PA-30, 33) This interpretation was not supported by any reference to the language in 112 or any precedent, and is at odds with the purpose and function of the patent system.

### REASONS FOR GRANTING THE WRIT

**This Court should Address the Jurisdictional and Procedural Conflict between the Federal and Seventh Circuits which Led the Federal Circuit to Rule on the Merits Without Authority under the Constitution and Despite its Express Ruling of No Statutory Jurisdiction.**

The Federal Circuit's action in addressing the merits after expressly and correctly finding a lack of statutory jurisdiction is a fundamental violation of the principles of judicial action. It is not authorized by the Constitution or this Court, and should not be allowed to gain even a toehold as precedent. As stated by this Court in *Sheldon v. Sill*, 49 U.S. 441, 449 (1850): "Courts created by statute can have no jurisdiction but such as the statute confers." When a Circuit Court of Appeals acts without statutory jurisdiction this Court will reverse and remand with directions to dismiss the appeal. *Stratton v. St. Louis Southwestern R. Co.*, 282 U.S. 10, 18 (1930). As stated in *Firestone Tire & Rubber Co. v. Risjord*, 449 US 368, 379 (1981):

If the appellate court finds that the order from which a party seeks to appeal does not fall within the statute, its inquiry is over. A court lacks discretion to consider the merits of a case over which it is without jurisdiction, and thus, by definition, a jurisdictional ruling may never be made prospective only. We therefore hold that because the Court of Appeals was without jurisdiction to hear the appeal, it was without authority to decide the merits.

The Federal Circuit's self-proclaimed rule, generated *sua sponte*, that it can resolve such questions under a "rule of necessity and [in] the interest of justice" (PA-27) is also unauthorized under the Constitution.<sup>7</sup> See *Firestone, supra*. Moreover, it is a denial of Christianson's right to due process.

In addition, the Writ should be granted to address the conflict between the Seventh Circuit and the Federal Circuit as to who had jurisdiction over this case and what procedure should have been followed. Beyond just the considerations to the instant parties, the two Courts of Appeals take opposing view points regarding the scope of the Federal Circuit's patent jurisdiction. If not settled by this Court, it may spread to other cases and result in the type of unseemly back and forth transferring that occurred in this case under the auspices of 28 U.S.C. § 1631. In *Hoffman v. Blaski*, 363 U.S. 335 (1960) certiorari was granted to settle issues arising from multiple transfers because of a conflict in interpreting the venue statutes.

The pleadings in this case demonstrate that the Federal Circuit's ruling that it did not have statutorily granted jurisdiction was correct, and that the Seventh Circuit's contrary decision was incorrect. The Federal Circuit has jurisdiction of appeals from final decisions of U.S. District Courts where the district court's jurisdiction, ". . . was based, in whole or in part, on section 1338 . . ." and certain other statutes not here pertinent. 28 U.S.C. § 1295(a)(1). Section 1338, in turn, confers jurisdiction on district courts to hear civil actions "arising under any Act of Congress relating to patents . . ." 28 U.S.C.

<sup>7</sup> Additionally, nothing in 28 U.S.C. §1631, the transfer statute alluded to in the Federal Circuit's opinion and which contains "in the interest of justice" language, authorizes a court without jurisdiction to hear an appeal, and the Federal Circuit did not claim that it did. (PA-27). The premise of the statute which allows transfers to another court when there is a finding of "a want of jurisdiction" is precisely the opposite, that is, that because a court without jurisdiction necessarily lacks power to decide a case, the case may be transferred to a court with jurisdiction "if it is in the interest of justice" to do so.



§ 1338(a). For 100 years "arising under" jurisdiction has been determined by reference to "plaintiff's complaint." *Franchise Tax Bd. v. Laborers Vac. Trust*, 463 U.S. 1, 10 (1983). (Emphasis original).

In this case, plaintiff's complaint, alleging antitrust violations and tortious interference with business relationships because of a group boycott which put him out of business, contained no allegation of patent invalidity. On the contrary, the complaint, in paragraph 18, specifically alleged that "the validity of the Colt patents had been assumed throughout the life of the Colt patents . . . , and Colt, in its answer, responded to that paragraph by saying: "admits that Colt's patents are valid. (Emphasis added). (PA-5)

Thus, as of the complaint and answer stage no issue had yet been drawn involving patent validity. However, Colt, in its answer and counterclaim, also asserted that its concerted action against plaintiff was justified because Christianson had improperly utilized Colt trade secrets which were protected under state law. Christianson, by way of reply to Colt's defense of trade secrets, raised for the first time the §112 issue, alleging that the claimed secrets were unenforceable because, among other reasons, the patent monopolies had been wrongfully acquired "without the required disclosure of the patent technology." That issue ultimately became the focus of the summary judgment proceedings in the District Court.

Clearly, defenses or arguments in reply to defenses based on federal law that arise subsequent to the complaint do not confer "arising under" jurisdiction. This is so "even if the defense is anticipated in the plaintiff's complaint, and even if both parties admit that the defense is the only question truly at issue in the case." *Franchise Tax Bd.*, *supra*, 463 U.S. at 13-14. Also see *Merrell Dow Pharmaceuticals v. Thompson*, 478 U.S. —, —, 106 S.Ct. 3229, 3232 (1986) ("A defense that raises a federal question is inadequate to confer federal jurisdiction.").

Finally, the writ should be granted because upon remand to the District Court this case will no doubt have further proceedings. In the present state of the case, the parties, the District

Court and even the two appellate courts will not know where the next appeal should go. Further unseemly proceedings are likely.

**The Opinion of the Federal Circuit on the Merits Has Sanctioned The Use of Critical Trade Secrets as a Mechanism for Extending a Patent Monopoly Beyond the Expiration of the Patent.**

**1. The Decision is in Conflict with this Court's and other Appeals Court's Decisions.**

The Federal Circuit's merits opinion implicitly sanctions the use of critical trade secrets, through a system of restrictive covenants, to extend patent monopolies beyond their terms. Such a result is in conflict with the Constitutional mandate to Congress "to promote the progress of science and useful arts, by securing for *limited times* to authors and inventors the exclusive right to their inventions and discoveries." (Emphasis added). It is also in conflict with this Court's consistent holdings that ". . . any attempted reservation or continuation in the patentee \* \* \* of the patent monopoly, after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent law." *Scott Paper Co. v. Marcalus Mfg. Co.* 326 U.S. 249, 255-256 (1945); also see *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225 (1965); *Brulotte v. Thys Company*, 379 U.S. 29 (1965). The other Courts of Appeals have followed that principle.<sup>8</sup> In particular, see *Rototron Corp. v. Lake Shore Burial Vault Co., Inc.*, 712 F.2d 1214 (7th Cir. 1983).<sup>9</sup>

<sup>8</sup> *Boggild, et al. v. Kenner Products*, 776 F.2d 1315 (6th Cir. 1985) *cert. denied* 106 S.Ct. 3284 (1986), and *Pitney Bowes, Inc. v. Mestre*, 701 F.2d 1365 (11th Cir.) *cert. denied*, 104 S.Ct. 239 (1983). See also *Dow Chemical Co. v. American Bromine Co.*, 210 Mich. 262, 177 N.W. 996 (Mich. S.Ct. 1920).

<sup>9</sup> In *Rototron*, 712 F.2d at 1215, the 7th Circuit held: "Therefore, the Rototron process cannot be regarded as a trade secret, because the grant of patent automatically constitutes full disclosure of the patented process. . . . the patentee's only protection is that afforded under the patent law." These provisions of federal patent law prevail over inconsistent State remedies. [citing *Sears, supra*]. Hence Rototron had no protectable trade secret after issuance of its patent on the rotational molding process."

In *Sears*, relied upon by the District Court, but not discussed by the Federal Circuit, this Court stated:

Finally, and especially relevant here, when the patent expires the monopoly created by it expires, too, and the right to make the article — *including the right to make it in precisely the shape it carried when patented* — passes to the public. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120-122 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896).

Thus the patent system is one in which uniform federal standards are carefully used to *promote invention while at the same time preserving free competition. Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time.* Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws. (Emphasis Added)

376 U.S. at 230, 231.

This Court should address the Federal Circuit's opinion before its existence, as a pronouncement of the "patent court," sanctions the erosion of the long standing and fundamental prohibition against the extension of patent monopolies beyond patent expiration.

## 2. The Case Presents the Opportunity to Clarify the Interface Between Issued and Expired Patents and Trade Secret Law.

This case also falls in line with this Court's past willingness to grant certiorari for cases that delineate differing aspects of the interface between the federal patent system and the state trade secret laws. Of particular note in that regard are *Sears*, *Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), *Kewanee Oil*

*Co. v. Bicron Corp.*, 416 U.S. 470 (1974), and *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979). *Sears* reviewed the situation when there are no trade secrets and no patents. *Kewanee* addressed the situation when there are no patents but there are trade secrets. *Aronson* addressed the situation of trade secrets and a patent application that never issued as a patent. And now this case presents the conflict between trade secrets and expired, issued patents. As such, it provides this Court the opportunity to resolve the last, and perhaps the most commercially important of the patent/trade secret interface issues.

## 3. The Federal Circuit's Interpretation of a Limitation to the Patent Disclosure Statute has No Support in the Statutory Language and Improperly Favors the Interests of the Patentee Over those of the Public.

The Federal Circuit's decision also interpreted the disclosure statute, 35 U.S.C. § 112,<sup>10</sup> in a manner that is not supported by its language or the underlying policies of the patent system. This Court should grant the writ to review that interpretation before it can have the far reaching effect of decreasing disclosure by patentees, increasing reliance on trade secrets and creating more situations where patent monopolies are extended.

The District Court noted that this case involves a situation "where interchangeability is an absolutely essential requirement of customers, amounting to a situation of life and death on occasion" and that the inventor knew that "dimension and tolerances necessary for interchangeability . . . were important at the time of filing the patent applications." The Federal Circuit ruled that those "findings are . . . irrelevant to the

<sup>10</sup> To fulfill the Constitutional purpose, Congress enacted the disclosure requirements of 35 U.S.C. 112 and limited patents to seventeen years. 35 U.S.C. § 154. Compliance with 112 is the "quid pro quo" for the patent grant. *Universal Oil Products Co. v. Globe Oil & Refining Co.*, 322 U.S. 471 (1944).



Section 112 issue." (PA-30) The Federal Circuit did not indicate how the express language of the statute required such a *limitation* on the disclosure requirement. This is contrary to *Parker, Acting Comr. Pats. v. Flook*, 437 U.S. 584, 596 (1978):

We would require a clear and certain signal from Congress before approving the position of a litigant who, as respondent here, argues that the beachhead of privilege is wider, and the area of public use narrower, than the courts had previously thought."

And *Diamond, Comr. Pats. v. Chakrabarty*, 447 U.S. 303, 307-308 (1980):

"The authority of Congress is exercised in the hope that '[t]he productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture *into the economy*, and the emanations by way of increased employment and better lives for our citizens. \*\*\*

We have cautioned that courts *should not read into the patent laws limitations and conditions* which the legislature has not expressed. (Emphasis Added)

Moreover, the Federal Circuit's finding in the statute of a *limitation* on disclosure impermissibly tips the scales in favor of the patentee and away from the public's interest without a reasoned analysis of why the public interest must be sacrificed. Since the patent system's formation, this Court has consistently held, from *Pennock v. Dialogue*, 27 U.S. 1 (1829) to most recently *Sony Corp. of America v. Universal City Studios*, 464 U.S. 417 (1984), that the public interest is paramount to the rights of the patentee. "It is undeniably true, that the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage." *Kendall v. Winsor*, 62 U.S. 322, 327-328 (1858).

Consequently, "... the public, on the inventor's complying with certain conditions, give him, for a limited period, the profits arising from the sale of the thing invented." (Emphasis added) *Shaw v. Cooper*, 32 U.S. 184, 201 (1833). In return, upon expiration, the patent disclosure is intended to allow the public

to benefit and *profit*. This Court stated in *Le Roy v. Tatham*, 55 U.S. 167, 188 (1852):

"This [disclosure] is required . . . in order that when the patent shall run out, the public may know how to *profit* from the invention." (Emphasis added)

Again, recently in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-481 (1974) this Court stated:

In return for the right of exclusion — this "reward for inventions," — the patent laws impose upon the inventor a requirement of disclosure so that upon the expiration of the 17-year period "the knowledge of the invention inures to the people, who are thus *enabled without restriction to practice it and profit by its use.*" [citations omitted] (Emphasis added)

No case, until now, has held that unduplicatable information can be withheld.<sup>11</sup> The standard has always been that the patentee is only excused from disclosure of information, relating to its best mode of carrying out the claimed invention, where such information was either not known to the patentee, already publicly available or reproducible by those of skill in the art, without undue experimentation. *Webster Looms v. Higgins*, 105 U.S. 580 (1882)

<sup>11</sup> As pointed out in Carlson, *The Best Mode Disclosure Requirement in Patent Practice*, 60 J.P.O.S. 171, 179 (1978): "... Adherence to the best mode disclosure requirement, therefore, actually *promotes competition* by providing individual and corporate competitors with information regarding processes having the *greatest commercial potential*; information that would no doubt be kept secret using a trade secrecy agreement in the absence of patent protection. Thus, *there is a substantial public benefit associated with the best mode disclosure requirement both in terms of increased competition in the marketplace and protection of the proprietary interests of the inventor.*" (Emphasis added)

(Footnote continued on following page)

Accordingly, a party is free to disclose what it wishes and in any suitable manner provided it discloses enough under 112. *Weil v. Freitz, Evans, and Cooke*, 601 F.2d 551 (CCPA 1979). However, the realization is that a patentee will have the "selfish desire" and seek to disclose as little as possible. *Flick Reedy Corp. v. Hydro Line Mfg. Co.*, 351 F.2d 546, 550-51 (7th Cir. 1965), *cert. denied*, 383 U.S. 958 (1966). Therefore, the Courts primary focus has always been on what amount of disclosure is necessary to fulfill the requirement of the words of 112: "... set forth the best mode contemplated by the inventor of carrying out his invention." (Emphasis Added) The *quality* of the disclosure must be in "full, clear, concise and exact terms." *Union Carbide Corp. v. Borg-Warner Corp.*, 550 F.2d 355 (6th Cir. 1977).

Further, the difficulty that a patentee might experience in fulfilling the disclosure requirement is not as important as the detriment to the public if he fails to fulfill it. As stated in *United States v. Line Material Co.*, 333 U.S. 287, 316-317 (1948):

The effort [of patentees] through the years has been to expand the narrow monopoly of the patent. The Court, however, has generally been faithful to the standard of the Constitution, has recognized that the public interest comes first and reward to inventors second, and has refused to let the self-interest of patentees come into ascendancy. As we stated in *B.B. Chemical Co. v. Ellis*, 314 U.S. 495, 498, "The patent monopoly is not enlarged by reason of the fact that it would be more convenient to the patentee to have it so, or because he cannot avail himself of its benefits within the limits of the grant."

<sup>11</sup> continued

And McDougall, *The Courts Are Telling Us: "Your Client's Best Mode Must Be Disclosed"*, 59 J.P.O.S. 321 (1977) points out: "From an early date indeed the Congress felt that an inventor seeking a patent should not be allowed to hold back anything important concerning his invention." (at 321) In discussing relevant case law, McDougall points out that courts have a distaste for "patent disclosures which withhold from readers the information needed for duplication of the patentee's commercial product." (at 326) (Emphasis added)

Disclosure has always sought completeness. For example, in *In re Argoudelis*, 434 F.2d 1390 (CCPA 1970), the applicant was faced with the problem that he could not adequately describe a microorganism that he used in making his invention. In order to comply with 112 he deposited *actual* microorganisms with a public depository so that those of ordinary skill in the art could duplicate his invention.

All cases on best mode consistently, whether explicitly or implicitly, have been founded on the underlying premise that there is a failure to disclose the best mode where the patentee has retained information which *cannot be duplicated* by others and serves to maintain his patent monopoly by placing impediments to realistic commercial competition due to the lack of disclosure. In a sense, the patentee refused to disclose, though it could have, information that it knew would unduly block competition. This is the thread through every best mode case cited by the District Court<sup>12</sup> and ignored by the Federal Circuit's decision which is in strong conflict with the principle of those cases.

This Court should address the Federal Circuit's opinion before it becomes a guidepost for the preparation of numerous patent applications under its new lax disclosure requirements. If not addressed by this Court, the Federal Circuit's decision will be used by patentees to conceal difficult-to-duplicate or unduplicatable trade secrets because they are not expressly recited in the "claimed invention" and because they relate to customer requirements for the product or "mass production." Such a result would have the patent system turn its back upon the ultimate rights of the public to have the true commercial benefit of open competition upon the patent expirations.

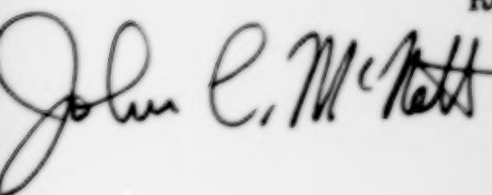
<sup>12</sup> *Flick-Reedy Corp. v. Hydro Line Mfg. Co.*, 351 F.2d 546 (7th Cir. 1965), *cert. denied*, 383 U.S. 958 (1966); *Dale Electronics, Inc. v. R.C.L. Electronics, Inc.*, 488 F.2d 382 (1st Cir. 1973); *Engelhard Industries Inc. v. Sel-Rex Corp.*, 253 F.Supp. 832, (D. N.J. 1966) *aff'd* 384 F.2d 877 (3rd Cir. 1967); *Union Carbide Corp. v. Borg-Warner Corp.*, 550 F.2d 355, (6th Cir. 1977); and *White Consolidated Industries v. Vega Servo-Control*, 713 F.2d 788 (Fed. Cir. 1983).



**CONCLUSION**

For each and all of the reasons stated, a Writ of Certiorari should issue to review the judgment and opinion of the Federal Circuit.

Respectfully submitted,



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September 23, 1987

## Petitioners' Appendices

**Appendix A**

**United States Court of Appeals  
for the Federal Circuit**

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CHARLES R. CHRISTIANSON AND	)	
INTERNATIONAL TRADE SERVICES,	)	
INC., ETC.,	)	
	)	
<i>Appellee,</i>	)	
	)	
v.	)	Appeal No. 85-2644
	)	
COLT INDUSTRIES OPERATING CORP.,	)	
	)	
<i>Appellant.</i>	)	

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**DECIDED: June 25, 1987**

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Before MARKEY, *Chief Judge*, NICHOLS, *Senior Circuit Judge*, and BISSELL, *Circuit Judge*.

MARKEY, *Chief Judge*.

Appeal from a summary judgment of the United States District Court for the Central District of Illinois in favor of Charles R. Christianson and International Trade Services, Inc. (ITS) (Christianson). The court held Colt Industries Operating Corp. (Colt) liable under: (1) sections 4 and 16 of the Clayton Act (15 U.S.C. §§ 15, 26) and sections 1 and 2 of the Sherman Act (15 U.S.C. §§ 1, 2), because Colt asserted trade secrets the court deemed "invalid" for failure of Colt to disclose

them in nine U.S. patents the district court declared invalid for noncompliance with best mode and enablement provisions of 35 U.S.C. § 112;<sup>1</sup> and (2) the theory of tortious interference with contract. *Christianson v. Colt Industries Operating Corp.*, 609 F.Supp. 1174, 227 USPQ 361, *final judgment on liability*, 613 F.Supp. 330 (C.D.Ill.1985). We reverse in part, vacate in part, and remand.

### Introduction

The present appeal reflects a monumental misunderstanding of the patent jurisdiction granted this court. An appeal in a pure and simple antitrust case is here solely because an issue of patent law appears in an *argument* against a *defense*. Christianson asserted rights that arise under, and only under, antitrust law. Colt's defense is its trade-secret rights under state law. Christianson's argument against that defense is that Colt lost its secrets because it did not disclose them in its patent applications. The district court's opinion said Colt's patents were invalid. Colt requested inclusion of that view in the final judgment and brought its appeal here.

<sup>1</sup> The nine U.S. patents declared invalid are: (1) No. 3,236,155 issued February 22, 1966, entitled "Firearm Having an Auxiliary Bolt Closure Mechanism"; (2) No. 3,292,492 issued December 20, 1966, entitled "Trigger Mechanism"; (3) No. 3,301,133 issued January 31, 1967, entitled "Mechanism For Changing Rate of Automatic Fire"; (4) No. 3,366,011 issued January 30, 1968, entitled "Buffer Assembly Having a Plurality of Inertial Masses Acting in Delayed Sequence to Oppose Bolt Rebound"; (5) No. 3,440,751 issued April 29, 1969, entitled "Firearm Box Magazine With Straightend and Intermediate Arcuate Portions"; (6) No. 3,453,762 issued July 8, 1969, entitled "Disposable Magazine Having a Protective Cover and Follower Retaining Means"; (7) No. 3,619,929 issued November 16, 1971, entitled "Magazine With Anti-Double-Feed Indentations in the Side Walls"; (8) No. 3,771,415 issued November 13, 1973, entitled "Rifle Conversion Assembly"; and (9) No. 3,977,296 issued August 31, 1976, entitled "Hydraulic Buffer Assembly For Automatic or Semiautomatic Firearm".

### Background

#### (a) The Earlier Patent Suit

On September 2, 1983, Colt sued Springfield Armory, Inc. and Rock Island Armory, Inc. (Springfield) for patent infringement<sup>2</sup> and other activities. Colt sought to preliminarily enjoin performance of Springfield's contract to sell M-16-type rifles to El Salvador, alleging unauthorized use of Colt's production trade secrets. Springfield said it copied the weapon by reverse engineering. Finding that Springfield had copied Colt's production secrets, the district court granted a preliminary injunction on October 7, 1983.

Convinced that former Colt employee Christianson disclosed its secrets to Springfield, Colt added him and his company, ITS, as parties on November 23, 1983. When the court denied a preliminary injunction against Christianson and ITS, Colt dismissed its complaint against them.

On October 17, 1983, Springfield appealed to this court, but abandoned its reverse engineering theory, saying the weapon could *not* be reverse engineered. Springfield then presented the novel theory that its inability to mass produce a particular type (M-16) of *rifle* established a failure of Colt's patents on rifle *parts* to comply with 35 U.S.C. § 112 ¶ 1.

On March 20, 1984, this court affirmed, *Colt Industries Operating Corp. v. Springfield Armory, Inc.*, 732 F.2d 168 (Fed.Cir.1984) (unpublished opinion), but noted in dicta that, "Although Springfield's 35 U.S.C. § 112 arguments, particularly relating to best mode, have an appearance of validity, . . . the evidence of record is totally lacking in specifics." This court noted a distinction between a rifle and rifle parts and listed the "specifics" of evidence required (none of which appears of record here).

<sup>2</sup> Colt's allegations of patent infringement were based on U.S. Patent No. 3,618,248 issued November 9, 1971, entitled "Buttstock Assembly With a Latchable Door For a Compartment Formed Therein", and three patents listed in note 1, *supra*, as numbers (4), (5), and (7).

**(b) This Antitrust Suit<sup>3</sup>**

On May 14, 1984, Christianson filed an inartful complaint against Colt "pursuant to Section 4 ... (15 U.S.C. § 15) and Section 16 of the Clayton Act (15 U.S.C. § 26) for damages, injunctive and equitable relief by reason of its violation of Sections 1 and 2 of the Sherman Act (15 U.S.C. §§ 1 & 2), as hereinafter alleged." (Complaint ¶ 1, JA at 39).

After alleging that Colt controlled "nearly 100%" of the market for M-16 rifles and parts, acquired patents in "the late 1950's" and "early 1960's," and granted licenses extending beyond the life of its patents, Christianson inserted this disjointed statement in Count I of the complaint:

18. The validity of the Colt patents had been assumed throughout the life of the Colt patents through 1980. Unless such patents were invalid through the wrongful retention of proprietary information in contravention of United States Patent Law (35 U.S.C. §112), in 1980, when such patents expired, anyone "who has ordinary skill in the rifle-making art" is able to use the technology of such expired patents for which Colt earlier had a monopoly position for 17 years.

Count I continued with allegations that Colt gave and withdrew permission for ITS to make and sell M-16 parts, and drove ITS out of business by threats to suppliers and customers and by joinder and dismissal of ITS in *Springfield*.

<sup>3</sup> On June 27, 1984, the district court consolidated the patent and antitrust suits for discovery and trial under Fed.R.Civ.P. 42(a). On August 1, 1984, the district court ordered that discovery in the former could be used in the latter. On September 5, 1984, the patent suit was settled on terms set forth in a Consent Judgment and an ancillary agreement. Under that judgment, Springfield was permanently enjoined from selling M-16 rifles to El Salvador and from using Colt's proprietary drawings and information in the manufacture or sale of M-16 rifles, *unless* Colt were later determined to have lost its trade secret rights.

On October 19, 1984, Christianson added a count II, alleging tortious interference with Christianson's business relationships.

In its answer to paragraph 18, Colt said it "admits that Colt's patents are valid until the end of their respective lifetimes" and admitted that "anyone with ordinary skill in the art is entitled to and is able to use any and all of Colt's expired patents for any legitimate purpose."<sup>4</sup>

Colt counterclaimed, alleging jurisdiction under 28 U.S.C. §§1331, 1332(a), 1338 (trademark infringement), 15 U.S.C. §1121, Fed. R. Civ. P. 13, pendent and ancillary jurisdiction, and that Christianson: (a) improperly obtained and used Colt's confidential information, proprietary drawings, and other trade secrets pertaining to its production of M-16 rifles; (b) breached contractual duties; (c) tortiously interfered with Colt's contracts; and (d) willfully violated section 43(a) of the Lanham Act (15 U.S.C. §1125(a)) and Illinois state law by falsely designating its products.

Christianson answered Colt's counterclaims, substantially repeating paragraph 18, *supra*, of Count I, and alleging that Colt fraudulently procured its patents by concealing "patent technology" and is now asserting that "technology" as trade secrets and thereby extending the patent grant.

Christianson's motion for summary judgment sought only a declaration that Colt's trade secrets were invalid. It stated, "(b)asic and fundamental to the subject lawsuit is whether or not at any of the times described in the complaint and counterclaims (Colt) possessed and was entitled to maintain as exclusive proprietary rights its claimed trade secrets with respect to the M-16 rifle and rifle parts," and that "none of these trade secrets were (sic) valid (sic) as a matter of law."

<sup>4</sup> Colt apparently meant that its patents "had been" valid (patents issued in the "late 1950's" and "early 1960's" were expired in 1984 when Christianson's complaint was filed), and that anyone is entitled to use the *information* in its expired patents (the important but sole purpose of an expired patent, which has no further exclusionary use as a patent).



**(c) District Court Opinion**

Focusing on 35 U.S.C. §112, the district court granted Christianson's motion on Counts I and II and denied Colt's cross-motion. 609 F. Supp. 1174, 227 USPQ 361. The district court said "(t)he thrust of (Christianson's) motion is the position that Colt cannot assert its claim of trade secrecy against (Christianson) because it had, in its now-expired patents, failed to make the full disclosures of its claims of invention as required by 35 U.S.C. §112," *id.* at 1176, 227 USPQ at 362; "(t)he disclosures made by Colt satisfied neither the enablement nor best mode requirements of 35 U.S.C. §112," *id.* at 1178, 227 USPQ at 363, and that each of Colt's "patents was invalid from its inception and that any claim of trade secrecy as to the nondisclosed information is likewise invalid," *id.* at 1184, 227 USPQ at 367. The district court said this court's dicta in *Springfield*:

can and should be accepted as the statement of a recognition by (the Federal Circuit) that possibly serious issues of Colt's compliance with Section 112 could exist, subject to substantiation by adequate evidence. To that extent, and to that extent only, that statement does have a bearing on the issues now before this court.

*Id.* at 1177, 227 USPQ at 363.

Instructed to prepare a final judgment and order, the parties proposed, and the court's final judgment and order included, numerous matters never presented to the court. It was during this process that Colt requested a holding that its own patents, as stated in the court's opinion, were invalid.

On July 19, 1985, the district court entered its "Final Judgment on Liability" which stated:

Patent infringement is not an issue in this case. This court has jurisdiction over the subject matter of this action and the parties before it under 28 U.S.C. §1332 and 15 U.S.C. §§4, 15 and 26. Venue in this district is proper under 28 U.S.C. §1391(b) and (c) and 15 U.S.C. §15.

613 F. Supp. 330, 331.

The district court ordered: (a) a trial on damages and a hearing on attorney fees; (b) Colt's nine patents are invalid from inception; (c) Colt's rights in its secrets on production of the M-16 rifle are void and unenforceable; (d) Colt is enjoined from asserting any form of trade secret in any technical information relating to production of the M-16 rifle, including any that "came into existence prior to entry of this order"; (e) Colt shall preserve until June 1, 1989 such technical information and provide it upon request to Christianson within 30 days of such request; (f) Colt may no longer designate its documents and drawings as protected trade secrets; (g) Colt shall serve this order on Christianson's suppliers and customers; (h) Colt's counterclaims alleging tortious interference with Colt's contracts are dismissed; and (j) that final judgment be entered for Christianson on Counts I and II of the complaint<sup>5</sup>

The court certified under Fed. R. Civ. P. 54(b) and 28 U.S.C. §1292(b) that an appeal may materially advance the termination of the litigation and stayed the judgment and all proceedings pending appeal. Fed. R. Civ. P. 62(c).

**(d) Actions of the Appellate Courts**

Colt appealed here, citing 28 U.S.C. §§1292(a)(1) and 1295. On August 13, 1985, Christianson moved to transfer the appeal to the U.S. Court of Appeals for the Seventh Circuit under 28 U.S.C. §1631, saying this court lacked jurisdiction because the district court's jurisdiction was not based on 28 U.S.C. §1338, Christianson's antitrust action not being one "arising under" the patent laws. 28 U.S.C. §1338. Colt opposed the motion. On December 4, 1985, this court granted Christianson's motion in a short unpublished order that did not explain why jurisdiction was lacking, it being expected that the parties and others interested would recognize that it was based on the reasons and authorities set forth in the movant's brief.

<sup>5</sup> The parties have offered no indication of any basis for the district court's rulings on matters that were not presented in either motion for summary judgment, such as Count I (antitrust liability) and Count II (Colt's tortious interference with Christianson's business relationships).

Before the Seventh Circuit, the parties submitted briefs, and on May 8, 1986, argued the case. Neither party raised the jurisdictional issue. In *Christianson v. Colt Industries Operating Corp.*, 798 F.2d 1051, 230 USPQ 840 (7th Cir. 1986), the Seventh Circuit elected *sua sponte* to review our transfer order, saying it has "considerably less persuasive force than a full opinion on the complex questions presented," and that it was not binding as law of the case because it was "clearly wrong." *Id.* at 1056-57 & n. 7, 230 USPQ at 844-45 & n. 7. Based on Colt's brief on Christianson's original transfer motion, the Seventh Circuit re-transferred the appeal to this court.

Noting that 28 U.S.C. §1338 incorporates traditional rules of statutory "arising under" jurisdiction, the Seventh Circuit said two types of cases may arise under the patent laws for purposes of §1338: (1) those in which patent law "creates" the cause of action, (Justice Holmes' "creation" test); and (2) those in which "the vindication of a right under a non-patent law calls for a determination of the meaning or application of a patent law." *Id.* at 1059, 230 USPQ at 847. Recognizing the import of the well-pleaded complaint rule, the court nonetheless said it may "recharacterize" the pleadings, using what it found in pleadings other than the complaint (here, the summary judgment motions). *Id.* at 1060, 230 USPQ at 847 (citing cases).

Because the complaint requested no relief under the patent laws, the Seventh Circuit said the action does not meet the "creation" test, but "(t)he crux of the plaintiff's case is that, by failing to make the necessary disclosures under section 112, Colt is extending its exclusionary rights beyond the 17-year life of the M-16 patents, a result inconsistent with the objectives of the patent system." 798 F.2d at 1061, 230 USPQ at 848. Applying its alternative test, the court held that, "because Christianson's right to recovery, although ostensibly based on the antitrust laws, 'would be defeated by one or sustained by an opposite construction' of the patent laws," (quoting *Beghin-Say International, Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 1570, 221 USPQ 1121, 1123 (Fed. Cir. 1984)), the action does arise under the patent laws. *Id.*

Lastly, the Seventh Circuit rejected Christianson's interpretation of its own complaint. Christianson said the complaint's reference to section 112 was only in anticipation of Colt's trade secret defense and counterclaim. Describing that argument as "disingenuous, to say the least," the court said the "complaint may be sketchy, but it leaves no doubt that Christianson was relying on that pleading (Count 1 of which was never amended) to obtain a determination that Colt's patent applications failed to comply with disclosure requirements of §112," and that "(t)he summary judgment proceedings confirm our initial interpretation of the complaint." 798 F.2d at 1062, 230 USPQ at 849.

On October 2, 1986, Christianson moved to dismiss the re-transferred appeal, but did not suggest a re-re-transfer to the Seventh Circuit. Colt opposed the motion. Four days later, the parties argued the appeal on its merits before this court.

## ISSUES

- (1) Whether this court has jurisdiction of this appeal.
- (2) Whether the interest of justice compels a decision by this court at this time.
- (3) Whether the district court erred in granting Christianson's motion for summary judgment.

## OPINION

### (1) Jurisdiction (a) Federal Courts Improvement Act

As evidenced by our respectful disagreement with our sister circuit in this opinion, this court's jurisdiction in some cases is less than crystal clear.<sup>6</sup> With five years of experience under the

<sup>6</sup> *United States v. Hohri*, 55 U.S.L.W. 4716 (U.S. June 1, 1987) (dealing with this court's jurisdiction granted at 28 U.S.C. §1296(a)(2)).



Act, it may be time for Congress to make its intention even more clear to those willing to look for it in the statute and legislative history. In the meantime, clarity may be advanced by vigorous, straightforward, and complete expression of views by all concerned.

The Seventh Circuit has here provided its view on the part of this court's jurisdiction granted in section 1295(a)(1) of the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982) (FCIA). Before the FCIA, the regional circuits had jurisdiction of appeals like this. We find no basis on which to posit a congressional intent to deprive the regional circuits of jurisdiction over *every* appeal that remotely involves a patent issue.

Congress is the *source* of jurisdiction granted federal courts, other than the Supreme Court, yet the Seventh Circuit made no detailed reference to the legislative history of the FCIA. Continuing this court's consistent focus on the source, we are convinced that Congress never intended this court to exercise jurisdiction over an appeal from a judgment like that *sub judice*. Because we can still, as was said in our original transfer order, "discern no basis for jurisdiction in the Court of Appeals for the Federal Circuit," we expand somewhat on that view here.<sup>7</sup>

In 28 U.S.C. §1295(a)(1), Congress granted this court exclusive jurisdiction over any appeal from a final decision of the district court "if the jurisdiction of that court was based, in whole or in part, on Section 1338 of this title," and the jurisdiction of the district court was not based solely on a copyright or trademark claim. Section 1338 provides that "The district

<sup>7</sup> Christianson's argument, in its motion to dismiss, that this court's transfer order was *res judicata* is without merit, the action not having been terminated. Because the Seventh Circuit's transfer to this court was "clearly wrong," we take the approach taken by that court, concluding that we are not bound by our sister circuit's ruling on the extent of our jurisdiction.

courts shall have original jurisdiction of *any civil action arising under any Act of Congress relating to patents*. . . " (Emphasis added.) For this court to have jurisdiction, the "controlling fact" is that the district court's jurisdiction must have been based "in whole or in part" on section 1338, and the involved "civil action" must therefore have been one "arising under" an Act of Congress relating to patents. *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1429, 223 USPQ 1074, 1079 (Fed. Cir. 1984) (*in banc*).

"This is a substantial requirement. Immaterial, inferential, and frivolous allegations of patent questions will not create jurisdiction in the lower court, and therefore there will be no jurisdiction over these questions" in this court. S. Rep. No. 275, 97th Cong., 2d Sess. 19 reprinted in 1982 U.S. Code Cong. & Admin. News 11, 29 (Senate Report); see H.R. Rep. No. 312, 97th Cong., 1st Sess. 41 (House Report).

The district court correctly described its jurisdiction here as based on 28 U.S.C. §1332 and 15 U.S.C. §§4, 15 and 26. That description would not control, if, unlike the present case, jurisdiction could *also* have been properly based in part on section 1338.<sup>8</sup> "As arbiter of our own jurisdiction, we necessarily have the power to decide the threshold question whether the district court has jurisdiction under section 1338 independently of the conclusion reached by the district court." *C.R. Bard, Inc. v. Schwartz*, 716 F.2d 874, 877, 219 USPQ 197, 200 (Fed. Cir. 1983). To say otherwise would produce an absurd result, for our jurisdiction would then turn on statements of the district court. Similarly, a careful examination of the FCIA and its legislative history establishes the absurdity of supposing that Congress intended our jurisdiction, or that of the district court on which ours depends, to turn on whether a patent question is raised in

<sup>8</sup> As the Seventh Circuit correctly noted, our appellate jurisdiction "depends on whether the jurisdiction of the district court *could* have been based on §1338." 798 F.2d at 1058 n.9, 230 USPQ at 846 n.9 (emphasis in original). That is, that the district court's jurisdiction may also have been based on other grounds has no bearing on our jurisdiction. Cf. *Chemical Eng'g Corp. v. Marlo, Inc.*, 754 F.2d 331, 333, 222 USPQ 738, 740 (Fed. Cir. 1984). As explained in the text, the district court's jurisdiction could *not* have been based even "in part" on Christianson's argument against Colt's trade secret defense. Arguments are not the source of a court's jurisdiction.



an argument against a defense on cross-motions for summary judgment in an antitrust suit.

### (b) Patent Law Uniformity — Patent Issues

Though this court's exclusive substantive jurisdiction encompasses six major areas of national law in which Congress desired greater uniformity, of which patent law is but one, the Seventh Circuit correctly noted the congressional emphasis on the need for greater uniformity in patent law and for freeing the judicial process from the forum shopping caused by conflicting patent decisions in the regional circuits. See Senate Report, at 5-6, reprinted in 1982 U.S. Code Cong. & Admin. News at 15-16; House Report, at 20-23. Though the Seventh Circuit said that congressional concern "inform(s) our analysis of the jurisdictional question," 798 F.2d at 1058, 230 USPQ at 846, that court went on to assume frustration of that concern if this court did not hear every appeal involving in any manner any patent question. Similarly, Colt says this court has jurisdiction because of what it calls the "principle of patent law uniformity", and because this appeal involves a "patent issue" decided adversely to Christianson in *Springfield*.<sup>9</sup>

As said in *Atari*, "Achievement of increased uniformity in the substantive law of patents does not require that this court get its hands on every appeal involving an allegation that a patent law issue is somehow involved." 747 F.2d at 1429, 223 USPQ at 1078 (emphasis added). "Congress was not concerned that an

<sup>9</sup> Colt is wrong, and should know it is wrong. Congress, as indicated in the text, expressly avoided any such "principle" in granting case, not issue, jurisdiction, and Christianson was not a part to the *Springfield* appeal, in which no "patent issue" was decided by this court.

That the district court consolidated the *Springfield* case with this case for purposes of discovery and trial does not create jurisdiction in this court. The present case is unlike that in *Interpart Corp. v. Italia*, 777 F.2d 678, 680, 228 USPQ 124, 125-26 (Fed. Cir. 1985), where this court held it had jurisdiction over an appeal from a final judgment in a case of consolidated patent and nonpatent actions between the same parties. Here, unlike *Interpart Corp.*, the actions were not between the same parties, and, if both had been tried, separate judgments would have presumably been entered. Thus, consolidated here does not produce the effect produced by a filing of a patent action as a counterclaim. See *In re Innodron Diagnostics*, 800 F.2d 1077, 1080, 231 USPQ 178, 180 (Fed. Cir. 1986).

occasional patent law decision of a regional circuit court, or of a state court, would defeat its goal of increased uniformity in the national law of patents." *Id.* at 1432, 223 USPQ at 1081.<sup>10</sup>

Carried to its logical end, the reasoning that this court has jurisdiction because a patent law issue is involved in sustaining or defeating Colt's defense, and thus indirectly and possibly defeating or sustaining Christianson's eventual antitrust recovery, would lead to absurd results. Applied to a state law contract suit on a patent license, with district court jurisdiction based solely on diversity (and thus not even in part on section 1338), that reasoning would direct the appeal here if the defense was noninfringement or patent invalidity. Even more absurdly, the logic of that reasoning would require removal to the district court and appeal to this court of that contract suit when diversity was absent. Indeed, application of that reasoning would produce the same absurd result if Christianson's present suit had been brought under Illinois antitrust law.

This court has recognized that "state courts may decide patent questions," *In re Oximetrix, Inc.*, 748 F.2d 637, 641, 223 USPQ 1068, 1071 (Fed. Cir. 1984) (citing *Beghin-Say International, Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 221 USPQ 1121 (Fed. Cir. 1984)); see *In re Snap-On Tools Corp.*, 720 F.2d 654, 655, 220 USPQ 8, 9 (Fed. Cir. 1983), as has the Supreme Court, *Lear v. Adkins*, 395 U.S. 653, 162 USPQ 1 (1969) (state courts may decide patent validity issue in license suit). If state courts may decide patent questions, it escapes our ken how it can be said, or that Congress said, that regional circuits may never do so.

<sup>10</sup> The regional circuits are, of course, perfectly competent, as are state courts, to determine patent "questions" or "issues" that may occasionally arise in cases within their jurisdiction. "Uniformity" is not necessarily thereby abandoned. As indicated in *Atari*, 747 F.2d at 1440 n. 15, 223 USPQ at 1087 n. 15, the regional circuits might elect to apply the patent precedents of this court in such cases, just as this court applies regional circuit precedents in areas of law and procedure not within its exclusive jurisdiction.

As was made clear in *Atari*, Congress specifically and expressly rejected proposals that this court have "issue" jurisdiction and that appeals involving patent and nonpatent issues be bifurcated.<sup>11</sup> Rather, Congress granted this court jurisdiction over all appeals in "§1338 cases". Accordingly, this court decides all issues, including nonpatent issues, in a "case" that is properly within its jurisdiction. See, e.g., *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 875-78, 228 USPQ 90, 99-102 (Fed. Cir. 1985) (antitrust liability); *Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 909-21, 223 USPQ 982, 986-95 (Fed. Cir. 1984) (trademark infringement). Having granted this court "case" and not "issue" jurisdiction, Congress clearly left cases merely involving defenses that raise patent issues in the regional courts of appeals, because the district court's jurisdiction in those cases is based solely on diversity, or on other grounds, and not "in whole or in part on section 1338."

In sum, what counts is not the mere presence or absence of patent "issues"; what counts is whether the district court's jurisdiction was based in whole or in part on section 1338. When it is, patent issues will be present; but the reverse is not true, for the mere presence of patent issues has no power to create jurisdiction in the district court. We find no basis or rationale, therefore, for an expanded, open-ended view that this court has been granted jurisdiction over all appeals in cases that contain patent issues, in talismanic reliance on "patent law uniformity" or otherwise.<sup>12</sup> As indicated, the legislative history indicates that this court has not been granted such broad and easily manipulated jurisdiction.

<sup>11</sup> See *United States v. Hohri*, 55 U.S.L.W. at 4717 n. 3.

<sup>12</sup> The view that this court should "take" jurisdiction whenever that would facilitate "patent law uniformity", see Hale, *The "Arising Under" Jurisdiction of the Federal Circuit: An Opportunity for Uniformity in Patent Law*, 14 Fla.St.U.L.Rev. 229, 265 (1986), disregards the jurisdiction-granting role of the Congress. Accord 3 D. Chisum, *Patents* §11.06(3), at 11-106.8 (1986).

### (c) Traditional "Arising Under" Jurisdiction

Congress said cases are within this court's patent jurisdiction "in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction." House Report, at 41; see 28 U.S.C. §1331 (1982).<sup>13</sup>

The Seventh Circuit correctly noted here that our jurisdictional grant, 28 U.S.C. §1295(a)(1) "incorporates the traditional rules of statutory 'arising under' jurisdiction." 798 F.2d at 1059, 230 USPQ at 846. The Ninth Circuit has also, noting that Congress was fully aware of the problems posed by traditional 'arising under' jurisdiction and "nonetheless chose to adopt the existing 'arising under' framework. We are not free to disregard this express congressional intent." *Handgards, Inc. v. Ethicon, Inc.*, 743 F.2d 1282, 1286 n.3, 223 USPQ 214, 216 n.3 (9th Cir.1984), cert. denied, 469 U.S. 1190 (1985).

Whether an action arises under federal law "must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose." *Franchise Tax Board of California v. Construction Laborers Vacation Trust for Southern California*, 463 U.S. 1, 9 (1983) (emphasis added) (quoting *Taylor v. Anderson*, 234 U.S. 74, 75-76 (1914)); see also *Gully v. First National Bank*, 299 U.S. 109, 113 (1936). The thus described well-pleaded complaint rule "severely limits the number of cases in which state law 'creates the cause of action' that may be initiated in or removed to federal district court, thereby avoiding more-or-less automatically a number of potentially serious federal-state conflicts." *Id.* at 9-10 (quoting *American Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257, 260 (1916) ("A suit arises under the law that creates the cause of action.") (Holmes, J.)).

<sup>13</sup> 28 U.S.C. 1331 reads:

The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.



A defense that raises a federal question is thus *inadequate* to confer federal jurisdiction, *Merrell Dow Pharmaceuticals Inc. v. Thompson*, 106 S.Ct. 3229, 3232 (1986) (citing *Louisville & Nashville R.R. v. Mottley*, 211 U.S. 149 (1908)), "even if the defense is anticipated in the plaintiff's complaint, and even if both parties admit that the defense is the only question truly at issue in the case." *Franchise Tax Board*, 463 U.S. at 14 (emphasis added).<sup>14</sup> That "has been settled law" since *Gold-Washing & Water Co. v. Keyes*, 96 U.S. 199 (1877). *Franchise Tax Board*, 463 U.S. at 14.

So here, Colt's trade-secret defense, at best anticipated in Christianson's complaint, cannot be said to create district court jurisdiction under section 1338, and thus cannot create this court's jurisdiction which, as Congress said, must be judged "in the same sense that cases are said to arise under federal law for purposes of federal question jurisdiction". House Report, at 41. That would be true if Colt's defense raised a question of federal law. It is even more compelling when one recognizes that Colt's trade secret defense raised *no* federal law question but rested entirely on state law, that section 112 appears only as a theory on which to overcome that defense.

The Supreme Court spoke, in *Franchise Tax Board*, of vindicating "a right under state law." In arguing against Colt's trade-secret defense, Christianson is attempting to vindicate no "right under state law" and no right under patent law. The Supreme Court said in *Smith v. Kansas City Title & Trust Co.*, 255 U.S. 180 (1921), that plaintiff's *complaint* must be looked to, not arguments on cross-motions for summary judgment. The complaint here seeks to vindicate Christianson's right to be free from Colt's violation of the antitrust laws. Noncompliance with section 112 is not a violation of those laws.<sup>15</sup>

<sup>14</sup> The Supreme Court's language in *Franchise Tax Board*, "even if both parties admit that the defense is the only question truly at issue in the case", may be compared with that of the Seventh Circuit here, which emphasized Christianson's §112 argument against Colt's defense as "the crux of plaintiff's case."

<sup>15</sup> Standing alone, the only effect of noncompliance with §112 is to deny a patent to an applicant or to invalidate an issued patent.

The Supreme Court has consistently held that cases do not "arise under" the patent laws merely because the case involves issues of a patent's validity and scope. See, e.g., *Luckett v. Delpark, Inc.*, 270 U.S. 496, 502 (1926); *American Well Works Co.*, *supra*; *Healy v. Sea Gull Specialty Co.*, 237 U.S. 479 (1915); *The Fair v. Kohler Die Co.*, 228 U.S. 22 (1913); *Henry v. A.B. Dick Co.*, 224 U.S. 1 (1912); *Excelsior Wood Pipe Co. v. Pacific Bridge Co.*, 185 U.S. 282 (1902); *Wilson v. Sandford*, 51 U.S. (10 How.) 99 (1850).

The Supreme Court has held that a case arose under the patent laws when the "essential features (of the bill) were the allegation of an infringement and prayers for an injunction, and account for profits and triple damages, — the characteristic forms of relief granted by the patent law" in *Healy v. Sea Gull Specialty Co.*, 237 U.S. 479, 481 (1915). It was cases involving such "essential features" that Congress had in mind when it enacted section 1338 and section 1295(a)(1). No such essential features are present in this case.

Nor do we suggest a new distinction between *issues* and *claims* under the patent laws. As early as 1897, in *Pratt v. Paris Gas Light & Coke Co.*, 168 U.S. 255 (1897), the Supreme Court annunciated that critical distinction and its effect on federal jurisdiction:

The action under consideration is not one arising under the patent laws under the United States in any proper sense of the term. To constitute such a cause the plaintiff must set up some right, title or interest under the patent laws, or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction of these laws. (Citations omitted.)

The state court had jurisdiction both of the parties and the subject-matter as set forth in the declaration, and it could not be ousted of such jurisdiction by the fact that, incidentally to one of these defences, the defendant claimed the invalidity of a certain patent. To hold that it has no right to introduce evidence upon this subject is to



do it a wrong and deny it a remedy. Section (1338) does not deprive the state courts of the power to determine *questions* arising under the patent laws, but only of assuming jurisdiction of "cases" arising under those laws. There is a clear distinction between a case and a question arising under the patent laws. The former arises when the plaintiff in his opening pleading — be it a bill, complaint or declaration — sets up a right under the patent laws as a ground for a recovery. Of such the state courts have no jurisdiction. The latter may appear in the plea or answer or in the testimony. The determination of such question is not beyond the competency of the state tribunals.

168 U.S. at 259 (emphasis in original).

So here, because this court was granted "case" jurisdiction, *Atari*, 747 F.2d at 1435, 223 USPQ at 1084, the mere raising of a patent law "question" in a motion for summary judgment in an antitrust action ("case") cannot, under any test, cause that action to "arise under" the patent laws. It is equally incapable of causing the district court's jurisdiction to be based "in whole or part on section 1338" and cannot therefore give this court jurisdiction over an appeal.

Honoring Congress' intent that we adopt the traditional framework for determining whether an action arises under section 1338, this court, as well as other courts of appeals, have *explicitly* followed the principles annunciated in the noted Supreme Court cases. For cases in which this court found no jurisdiction, see *Schwarzkopf Development Corp. v. Ti-Coating, Inc.*, 800 F.2d 240, 231 USPQ 47 (Fed. Cir. 1986) (suit for royalties due under a patent license contract; district court jurisdiction based on diversity and not changed by transient counterclaim); *Beghin-Say International, Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 221 USPQ 1121 (Fed. Cir. 1984) (action seeking declaration that plaintiff owned two patent applications; complaint sounded exclusively in contract). See also *Gilson v. Republic of Ireland*, 787 F.2d 655, 229 USPQ 460 (D.C. Cir. 1986). For cases in which this court found jurisdiction, see *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268, 227

USPQ 352 (Fed. Cir. 1985) (licensee's suit for patent *infringement* by licensor arose under the patent laws); *Air Products and Chemicals, Inc. v. Reichhold Chemicals, Inc.*, 755 F.2d 1559, 225 USPQ 121 (Fed. Cir. ) (court must review plaintiff's pleadings, with special attention to relief requested; complaint averred infringement and sought injunctive relief), *cert. dismissed*, 106 S.Ct. 22 (1985).

In *Pratt v. Paris Gas Light & Coke Co.*, 168 U.S. 255 (1897), and in *Excelsior Wood Pipe Co. v. Pacific Bridge Co.*, 185 U.S. 282 (1902), the Supreme Court looked to whether plaintiff had asserted at least some right or privilege that would be defeated by one or sustained by an opposite construction of those laws. The assertion of such a "right or privilege" was looked to in *Beghin-Say International, supra*, (no jurisdiction) and in *Dubost v. United States Patent and Trademark Office*, 777 F.2d 1561, 1564-65, 227 USPQ 977, 979 (Fed. Cir. 1985) (jurisdiction found).

The "right or privilege" referred to, however, must appear on the face of the complaint, unless it can be shown that plaintiff is avoiding reference to it to evade federal jurisdiction. See *Franchise Tax Board*, 463 U.S. at 22. Use of "defeated or sustained" has proven unfortunate, for those words have been seized upon here to implicate *defenses* and has thereby led to the misconception that the mere presence of a patent issue created by a defense (or even, as here, by an argument against a defense) makes the case one over which the district court's jurisdiction is based on section 1338. To take that view would be to convert an inquiry into jurisdiction over Christianson's complaint and action into an inquiry into jurisdiction over Colt's defense and Christianson's response to that defense.

It would have been more clear, and more in accord with the well-pleaded complaint rule, if the phrase had been "plaintiff must have asserted in the complaint some right or privilege *the existence of which* would be defeated by one or sustained by an opposite construction" of the patent laws. The rule was never intended to permit a court's jurisdiction to be determined by what is said in a defense or in resisting a defense, or by whether

a plaintiff would *win* with one construction or *lose* with another. "Defeated or sustained" relates to what is present, expressly or by necessary implication, in the complaint, *not* to the outcome of the law suit.<sup>16</sup>

One thing clear in our cases is that this court has adhered to the well-pleaded complaint rule<sup>17</sup> and to Congress' warning that a "canon of construction" requires that "courts strictly construe their jurisdiction." Senate Report, at 18-19, *reprinted in* 1982 U.S. Code Cong. & Ad. News at 28-29. The court has looked to determine whether the complaint does in fact seek relief provided for by the patent laws or states a right, the existence of which turns on construction of the patent laws. See *Chemical Engineering Corp. v. Marlo, Inc.*, 754 F.2d 331, 222 USPQ 738 (Fed. Cir. 1984). Christianson nowhere seeks relief provided by the patent laws and its complaint states no right the existence of which turns on construction of the patent laws.

Unwarranted deviation from the well-pleaded complaint rule would undermine Congress' wise provision that our jurisdiction be normally determined at the earliest stage of litigation, *i.e.*, at the complaint stage. *Interpart Corp. v. Italia*, 777 F.2d 678, 680, 228 USPQ 124, 126 (Fed. Cir. 1985). "To impart certainty throughout the entire process of filing, pretrial, trial, and post-trial motions, appellate jurisdiction should normally be known and remain unaffected." *Atari*, 747 F.2d at 1432, 223

<sup>16</sup> Obviously, no "construction" of §112 is required here. If it be found *as a fact* that Colt did or did not comply with §112, that may affect the particular argument made by Christianson against Colt's trade secrets in arguing Christianson's summary judgment motion for trade secret invalidity, but it could itself neither defeat nor sustain the existence of any "right or privilege" of Christianson.

<sup>17</sup> We reject suggestions that we should simply disregard the well-pleaded complaint rule. See Adams, *The Court of Appeals for the Federal Circuit, More Than a National Patent Court*, 49 Mo. L. Rev. 43, 69 (1984). "(I)t is clear from the language of the (FCIA) and its legislative history that the well-pleaded complaint rule does limit the patent jurisdiction" of this court. *Id.*

USPQ at 1081; *see also* 3 D. Chisum, *Patents* §11.06(3), at 11-106.8 (1986) (advantage knowing from beginning of suit where appellate jurisdiction lies in that trial judge and counsel can focus on controlling circuit case law). Adherence to the well-pleaded complaint rule may thus provide the same advantage of early determination of jurisdiction between this court and a regional circuit court that it has traditionally provided in early determination of jurisdiction between state and federal courts.

To say that jurisdiction can be based on an argument made on a motion for summary judgment would not only violate the well-pleaded complaint rule but would open the door to the manipulation of jurisdiction and the evils of forum shopping, a door Congress thought it was closing when it enacted the FCIA.

#### (d) What is Christianson's Cause of Action?

Assessing the scope of the patent laws in determining whether particular causes of action arise under those laws, is a task not always free of difficulty. See *Alco Standard Corp. v. Tennessee Valley Authority*, 808 F.2d 1490, 1504, 1 USPQ 2d 1337, 1347 (Fed. Cir. 1986) (Nies, J., concurring); *Alco Standard Corp.*, 808 F.2d at 1511, 1 USPQ2d at 1352-53 (Rich, J., dissenting); *Wyden v. Commissioner of Patents and Trademarks*, 807 F.2d 934, 937, 231 USPQ 918, 921 (Fed. Cir. 1986) (Markey, C.J., dissenting); *Dubost v. United States Patent and Trademark Office*, 777 F.2d 1561, 1568, 227 USPQ 977, 982 (Fed. Cir. 1985) (Newman, J., dissenting). A more fundamental and threshold task is less difficult, however. That task is to determine what actual cause of action is alleged in the complaint.

In its motion to dismiss, Christianson argues that its cause of action does not even *depend* on a "construction of a patent law":

[I]nvalidating Colts patents, its alleged trade secrets, or seeking a construction of §112, was not even one of plaintiffs' theories for recovery, let alone its "only" theory. The complaint sought recovery because Colt put plaintiffs out



of business by organizing a group boycott, a classic antitrust violation. Additionally, either as an independent ground for recovery, or as an aggravation of the antitrust violations, the complaint alleges that Colt unilaterally revoked its permission previously granted to plaintiffs to deal in M-16 parts. The issue of trade secret invalidity under §112 arose only after Colt pleaded its alleged trade secrets as a defense to the antitrust violations. (Citations omitted.)

Apparently unaware that jurisdiction cannot be created by counsel's theories in briefs or motions, Colt says "virtually every page of (Christianson's) brief in this court and of their motion below was based on the §112 theory." Making only one reference to the complaint, Colt says it "makes explicit reference to the alleged invalidity of Colt's patents 'through the wrongful retention of proprietary information in contravention . . . §112' (complaint ¶ 18)," arguing in effect that the complaint here should be treated as though it were a complaint in an action for declaratory judgment of patent invalidity. Though its language is convoluted, Paragraph 18 contains at most an anticipation, and only an anticipation, of Colt's *trade-secret* defense.

A careful review of the complaint reveals that Colt and the Seventh Circuit have given undue weight to a misinterpretation of its disjointed and inartful Paragraph 18. The key sentence relied upon merely states that "*Unless* such patents were invalid through the wrongful retention of proprietary information in contravention of . . . 35 U.S.C. §112, in 1980, when such patents expired, anyone 'who has ordinary skill in the rifle making art' is able to use the technology of such expired patents for which Colt earlier had a monopoly position for 17 years." (Emphasis added.) The sentence states a non-sequitur, for anyone is free to use the inventions in expired patents, whether those patents had been valid or invalid and whether section 112 had or had not been complied with. The paragraph refers only to expired patents, assumes that the patents had been valid, and in no way seeks a declaration of invalidity of any patent. That the district court in its final judgment said Colt's patents were invalid could not *retroactively* establish that the

district court's jurisdiction over the complaint and action was based on section 1338, and could not serve to manipulate the jurisdiction of this court in this case.

Our interpretation of Paragraph 18 is confirmed by Colt's response to it, wherein, as above indicated, Colt "*admits that Colt's patents are valid.*" (Emphasis added.) The misinterpretation of Paragraph 18 by Colt and the Seventh Circuit results in creation of just the kind of "inferential allegation" Congress did *not* want used to manipulate our jurisdiction. Senate Report, at 19, *reprinted in* 1982 U.S. Code Cong. & Admin. News at 29; *see* House Report, at 41.

The complaint reveals that Christianson attempted to allege only the ingredients of an antitrust violation as its cause of action. Christianson seeks relief under the antitrust laws because Colt has "embarked on a course of conduct to illegally extend its monopoly position with respect to the described patents and to prevent ITS from engaging in any business with respect to parts and accessories of the M-16." (¶ 22) The Seventh Circuit's statement that that conduct is "inconsistent with the objectives of the patent system," 798 F.2d at 1061, 230 USPQ at 848, is difficult to understand in the context of assessing this court's jurisdiction. Christianson had to and did mean that Colt was using an invalid claim to *trade secrets* to extend its monopoly, but this court was simply not granted jurisdiction of appeals from antitrust judgments whenever the antitrust offense alleged was the employment of trade secrets. That is true regardless of the theory on which plaintiff responds to the trade secret defense (trade secrets lost because based on public information, because of inadequate security measures, or because of failure to disclose them in patents).

In numerous subparagraphs, Christianson's complaint alleged specific acts by Colt which supposedly violated the antitrust laws by forcing Christianson out of the M-16 parts market. None has the slightest thing to do with patent law (falsely telling customers and potential customers why they should not deal with Christianson; maintaining a lawsuit in bad



faith; acts contrary to permission Colt gave Christianson to deal in M-16 parts). Those allegations in the complaint were virtually ignored by the Seventh Circuit.

We agree with Christianson that the Seventh Circuit incorrectly disposed of its argument that the trade secret validity issue arose only *after* Colt asserted its trade secrets defense of the acts charged in the complaint. Respecting that argument, the Seventh Circuit said:

Because (Christianson's) only theory for the invalidation of the trade secrets was Colt's failure to comply with §112, Christianson's argument that (it) expected Colt to assert that *its patents were valid* cannot mean that he was anticipating a defense.<sup>14</sup> Thus, we find that Christianson's argument that patent validity was a "defense" only serves to confirm that (it) was relying on Colt's alleged noncompliance with §112 as the basis for (its) own cause of action.

<sup>14</sup> If Christianson is saying that Colt fully complied with §112, but, nonetheless, attempted to make a trade secret out of that which was in the public domain, then there is no reason for Colt to present the "defense" of patent validity, because both sides are then in agreement. In other words, the defendant's allegation of patent validity cannot be a defense to the plaintiff's allegation of patent validity.

798 F.2d at 1062, 230 USPQ at 849.

The primary difficulty with the foregoing is that "it ain't so." Christianson expected Colt to assert its *trade secrets* as a defense, not that its expired patents had been valid. Christianson could *not* for its cause of action be "relying on Colt's noncompliance with §112," because, as above indicated, such noncompliance in itself cannot provide a cause of action or a basis for relief to anyone. Finally, both sides *were* in agreement regarding patent validity, which was simply neither involved nor material, the invalidity of Colt's claim to trade secrets being sufficient to defeat Colt's defense.

That the only theory Christianson here presented for invalidating Colt's claim to trade secrets was Colt's non-compliance with section 112 is irrelevant to jurisdiction, for the obvious reason above stated, i.e., that Colt's state law trade secrets were raised solely as a defense.<sup>18</sup> Thus the patent law would become involved only if and *after* Colt had made out a valid claim to those secrets under state law. See *Franchise Tax Board*, 463 U.S. at 13.

The Seventh Circuit's mistaken belief that Christianson said it anticipated Colt's defense of *patent validity*, when, as Christianson correctly argued, the complaint anticipated Colt's defense of *trade secrets*, may account in great part for its view that this court has jurisdiction over this appeal. The fact is clear on the record, in any event, that Christianson sought to defeat Colt's trade-secrets defense so Colt would have no plausible basis for attempting the group boycott alleged by Christianson as one of the bases for its antitrust suit.

Continuing its unfounded notion that "patent law uniformity" requires appeal here whenever a shadow of a shade of patent law appears anywhere in a case, Colt says this antitrust action arose under the patent laws because it can be "sustained" (sic, plaintiff can win) only by defeating Colt's trade secret defense on a section 112 theory. Thus Colt confirms the entry of the patent law, not even as a defense, but as merely an argument to overcome a defense.<sup>19</sup>

<sup>18</sup> In seeking to defeat the defense of trade secrets because they should have been disclosed in its patents, Christianson relied on *Syntex Ophthalmics, Inc. v. Novicky*, 214 USPQ 272, 280 (N.D. Ill. 1982), *aff'd*, 701 F.2d 677, 219 USPQ 962 (7th Cir. 1983), distinguishing *Flick-Reedy Corp. v. Hydro-Line Mfg. Co.*, 241 F.Supp. 127, 140-41, 144 USPQ 566, 576 (N.D. Ill. 1964), *aff'd in part and rev'd in part*, 351 F.2d 546, 146 USPQ 694 (7th Cir. 1965), *cert. denied*, 383 U.S. 958 (1966). We need not and therefore do not comment on the correctness of the holdings in *Syntex* and *Flick-Reedy*.

<sup>19</sup> Colt says its grant and withdrawal of permission to use the trade secrets is not an antitrust violation, and, incredibly, argues from that premise that this court has jurisdiction over this appeal.

As previously noted, that Christianson's *argument* may depend on an application of section 112 confers no jurisdiction in this court. The district court did not, as it could not, say the section 112 issue caused its jurisdiction to be "based in whole or in part on §1338." 28 U.S.C. §1295(a)(1). Colt's noncompliance with section 112 was clearly not part of the *prima facie* case set forth in the complaint, and is not Christianson's cause of action. The facts alleged setting forth Christianson's *antitrust* cause of action in the complaint require *no* construction of the patent laws.<sup>20</sup>

The Seventh Circuit, in considering how Christianson's right might be affected by construction of the patent laws, lost sight of the right Christianson *was* "seeking to vindicate" in his complaint, which was a right to money damages and an injunction under the antitrust laws for numerous acts of Colt (group boycott, tortious interference, etc). The existence of that right would *not* be defeated or sustained by a construction of the patent laws. It was Colt's trade secret *defense* to one charge (group boycott) that would be defeated or sustained by a construction of the patent laws. Whether Christianson would win or lose on its argument against that defense could not possibly make Christianson's cause of action one arising under the patent laws or the district court's jurisdiction "based in whole or in part on §1338."

Looking to counsel's briefs and to post-complaint motions and arguments, the Seventh Circuit was led so far from Christianson's complaint as to render the well-pleaded complaint rule virtually meaningless in this instance. In the complaint, Christianson did not allege that the anticipated defensive assertion by Colt of its trade secrets, whether that claim was valid or invalid

<sup>20</sup> It may be helpful to recognize that no patent issue or question, under §112 or otherwise, would have been present at all if Colt had *not* elected to include its trade secret defense in its answer, or if Christianson had tried to overcome that defense on grounds other than noncompliance with §112.

under any law, would amount to an antitrust violation. It was only Christianson's theory of response to Colt's trade secrecy defense, not a "right or privilege" or any "cause of action" of Christianson, that raised a question about Colt's duty to disclose those particular trade secrets under the patent laws.

## (2) The Interest of Justice

We have again concluded that this court has not been granted jurisdiction over an appeal from this type of summary judgment in an antitrust case, and that this court acted in the interest of justice when it transferred this appeal to the regional circuit court. However, now that the transferee court has transferred the case back to this court, new considerations arise.

The "interest of justice" provision in 28 U.S.C. §1631 was intended to require a balancing of a transfer to a court having jurisdiction against dismissal for lack of jurisdiction in the transferring court. Nonetheless, the present special circumstances equally implicate the need to act in the interest of justice. Our action here is, accordingly, strictly limited to these circumstances, in which we balance the institutional costs of deciding the case on the merits against the needs of the parties.

Because the Seventh Circuit and this court have each determined that the other has jurisdiction, it would at first appear that certification to the Supreme Court would be warranted, pursuant to 28 U.S.C. §1254(3). Much as we might welcome a definitive resolution of the present jurisdiction question, we equally abhor the burden on the Court, noting that it has accepted only four certified questions since 1946. See R. Stern, E. Gressman & S. Shapiro, *Supreme Court Practice* 460-61 & n.3 (6th ed. 1986). The relative rarity of the present issue and the added delay to the litigants argue against this court's adding to the already heavy workload of the Supreme Court by certification.



If this court were to grant Christianson's motion to dismiss, the district court's judgment, though it is erroneous, *infra*, would stand, unless the Supreme Court were to grant a petition for certiorari, review the jurisdiction question, and remand to the appropriate appellate court for its review on the merits. A dismissal of this appeal would therefore risk leaving the parties with no avenue of appellate review of the district court's judgment. For that reason, and because a dismissal would not be in the interest of justice, we deny Christianson's motion to dismiss.

Similarly, we will deny Colt's request that, if this court lacks jurisdiction, we re-re-transfer the appeal to the Seventh Circuit. A third transfer would subject the parties to a continuation of the back-and-forth battering they have experienced to date, and nothing would preclude the Seventh Circuit from ordering a fourth transfer, this court a fifth, etc. It would not therefore be in the interest of justice to again transfer the appeal to the Seventh Circuit.

The parties have briefed and argued in both circuit courts and have not yet received a disposition on the merits of the appeal. It is time they did. Recognizing the delay already experienced, we see no reason that would justify further delay. Notwithstanding a strong sense of discomfort occasioned by our view of our jurisdiction, and realizing that the Seventh Circuit would be equally uncomfortable, we have determined that a rule of necessity and the interest of justice due the parties compel us to resolve the questions presented on the merits of the judgment appealed from. In so doing, we are confident that the Seventh Circuit, had it elected to exercise its jurisdiction and decided the merits, would have reached the same result in light of the precedents we cite. Similarly, the present decision will be effective because the district court is bound by the Seventh Circuit's view that this court has jurisdiction.

### (3) Summary Judgment

#### (a) Introduction

The ghost in the wings of this unusual case is the military procurement system, with its requirement for interchangeability of parts of weapons. Like others producing products for a customer that demands interchangeability, Colt developed certain information and mass-production practices needed to insure that all parts of all its M-16 rifles were interchangeable with corresponding parts. It is that manufacturing or production information and "know how" that constitute Colt's trade secrets. It is that mass-production information that Christianson seeks to acquire. Christianson does not seek simply to make, use, and sell the inventions disclosed and claimed in the expired patents in suit, which he is clearly free to do. Christianson's desire is to mass-produce M-16 rifles with all 160 parts completely interchangeable, a desire frustrated by Colt's trade secret protection on its mass-production data and drawings.

It is undisputed that one could not make the 160-part M-16 rifle from reading disclosures in patents on nine parts, even if those patents disclosed Colt's mass-production data on those parts. It is also undisputed that successful sales of a particular rifle, the M-16, require interchangeability of its 160 parts and that Colt actively conceals the mass-production information it has developed on dimensions and tolerances and the production drawings necessary to make corresponding parts interchangeable.

#### (b) The District Court

The district court found that one cannot copy Colt's "commercial product with little effort by the application of reverse engineering." 609 F. Supp. at 1182, 227 USPQ at 366. By "commercial product" the court necessarily meant the M-16 rifle, not the parts disclosed and claimed in the patents in this case. Colt's "commercial product" appears nowhere in any claim of any patent of record. Indeed, no claim in any patent of record relates to or even mentions the M-16 or any other particular rifle.



The district court noted that this case involves the "uncommon situation where interchangeability is an absolutely essential requirement of customers, amounting to a situation of life and death on occasion" and that the inventor knew that "dimension and tolerances necessary for interchangeability . . . were important at the time of filing the patent applications." *Id.* Those findings are correct in relation to mass production but irrelevant to the section 112 issue.

The court found that, because "the parts could not be employed in any other existing weapon," the *only* mode for practicing the parts inventions is to incorporate them "into the standard M-16 military rifle," and thus Colt's "crucial interchangeability specifications should have been disclosed in the patent." *Id.* The finding that the parts could not be employed in a weapon is clearly erroneous and finds no support in the record. The patents relate to no particular "existing" weapon.

Deeming Colt's failure to disclose its trade secrets a "flagrant abuse of the patent laws," the district court found it liable under Christianson's antitrust count, and then went on to hold Colt liable under the count charging tortious interference with contract and ordered the extensive relief summarized *supra* and reported at 613 F. Supp. at 331-32.

### (c) Arguments of the Parties

Surprisingly, Colt does not argue the presence of genuine issues of material fact. Rather, Colt challenges the grant of summary judgment as a matter of law because the district court: focused on *no claim* in any Colt patent; relied on facts not in the record; misconstrued affidavit testimony; found anti-trust liability not requested in Christianson's summary judgment motion; and relied on unprecedented legal conclusions in invalidating Colt's trade secrets and in holding Colt liable. Each of those arguments is valid.

Christianson cites what it says is the uncontroverted testimony of Colt engineer Waterman that one of ordinary skill cannot "from the bolt assist patent" use the patented bolt assist in any weapon. The cited testimony actually states, however,

that one of ordinary skill could not "make a weapon that would have incorporated the bolt assist" simply from reading the bolt assist patent. The law is not so foolish as to require that a patent on a single part of a 160-part weapon must include instructions on how to make the *weapon*. Christianson's statement that the cited testimony was that the patented "bolt assist" could not be "incorporated in a weapon other than the M16" is at best disingenuous. No such testimony exists.

Christianson, as did the district court, emphasizes the testimony of Seth Bredbury, who said it would be a "massive" undertaking to design a rifle like the M-16 from the Colt patents. The relevance of and reliance on that testimony is difficult to understand. There is no "M-16 patent" of record, nor does any patent of record make any reference to "a rifle like the M-16." To design a 160-part "rifle like the M-16" from patents on nine parts would be not just a massive undertaking, it would be impossible. That the mass production of any product having 160 interchangeable parts is a "massive" undertaking cannot be doubted. It requires the development of dimensions, tolerances, and voluminous drawings. Colt undertook and succeeded in that massive-production effort, an effort Christianson desires lifted from its shoulders.

Christianson's arguments that the district court "was not limited to the words Colt chose in its patent claims" and that the claims are mere matters of "semantics," are contrary to the statute, 35 U.S.C. §112, second paragraph, and totally without merit.

### (d) The Law

The district court's view that Colt violated section 112, by failing to disclose in each of its nine patents all its dimensions, tolerances, and production drawings needed to mass produce the M-16 rifle, rests on an error of law.

The legal requirement that a disclosure be enabling is set forth in the first paragraph of 35 U.S.C. §112:

The specification shall contain a written description of the invention, and of the manner and process of making and

using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Patents are not production documents, and nothing in the patent law requires that a patentee must disclose data on how to mass-produce the invented product in patents obtained on either individual parts of the product or on the entire product. *In re Strahilevitz*, 668 F.2d 1229, 1232, 212 USPQ 561, 563 (CCPA 1982); *In re Gay*, 309 F.2d 769, 774, 135 USPQ 311, 316 (CCPA 1962); *Douglas v. United States*, 510 F.2d 364, 366, 184 USPQ 613, 615 (Ct. Cl.), *cert. denied*, 423 U.S. 825 (1975); *Trio Process Corp. v. L. Goldstein's Sons, Inc.*, 461 F.2d 66, 74, 174 USPQ 129, 134 (3rd Cir.), *cert. denied*, 409 U.S. 997 (1972).

Thus the law has never required that a patentee who elects to manufacture its claimed invention must disclose in its patent the dimensions, tolerances, drawings, and other parameters of mass production not necessary to enable one skilled in the art to practice (as distinguished from mass-produce) the invention. Nor is it an objective of the patent system to supply, free of charge, production data and production drawings to competing manufacturers. And that is well, for such a requirement would be irrational. Many inventions are never manufactured; the decision to manufacture may be taken well after the patent has issued; printing a thousand or more documents in the patent would often be required. For those and other reasons, the law requires that patents disclose inventions, not mass-production data, and that patents enable the practice of inventions, not the organization and operation of factories. The requirement for disclosure of sufficient information to enable one skilled in the art to practice the best mode of the *claimed* invention is and has been proven fully adequate for over 150 years.

The "invention" referred to in the enablement requirement of section 112 is the *claimed* invention. *Lindemann Maschinenfabrik v. American Hoist and Derrick Co.*, 730 F.2d 1452, 1463, 221 USPQ 481, 489 (Fed. Cir. 1984) (the "question is whether

the disclosure is sufficient to enable those skilled in the art to practice the *claimed* invention") (emphasis added); *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 956, 220 USPQ 592, 596 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 835 (1984).

The district court here supplied no analysis of the inventions claimed in the involved patents and no analysis of whether *those inventions* could be practiced without the dimensions, tolerances, and production drawings Colt developed for mass-producing one particular rifle. Indeed, there was *no testimony* and *no evidence* indicating that the disclosures in the involved patents do not enable one skilled in the art to practice the inventions disclosed and *claimed* in those patents. For that reason, Christianson's reliance on *White Consolidated Industries, Inc. v. Vega Servo-Control, Inc.*, 713 F.2d 788, 218 USPQ 961 (Fed. Cir. 1983) is misplaced, for there the nondisclosed matter was necessary to enable one to practice the *claimed* invention. *Id.* at 791, 218 USPQ at 963.

On the present record, therefore, there is nothing whatever to indicate that Christianson is unable to make and use the *claimed* inventions. Under the law, the question of whether Christianson is enabled by the patents to engage in mass production of the *claimed* inventions and to incorporate them in a particular rifle in a manner desired by a particular customer is simply and totally irrelevant.

As with enablement, so with best mode. *Plastic Container Corp. v. Continental Plastics of Oklahoma, Inc.*, 607 F.2d 885, 897, 203 USPQ 25, 37 (10th Cir. 1979) ("it is the best mode of carrying out the *claimed* invention that must be set forth pursuant to section 112") (Miller, J., sitting by designation) (emphasis in original), *cert. denied*, 444 U.S. 1018 (1980). The best mode requirement assures that inventors do not conceal the best mode known to them when they file a patent application, but the "best mode" is that of practicing the *claimed* invention. It has nothing to do with mass production or with sales to customers having particular requirements. In this case, interchangeability with M-16 parts appears nowhere as a limitation in any claim, and as Christianson concedes, the



patents make no reference whatever to the M-16 rifle. Thus the best mode for making and using and carrying out the *claimed inventions* does not entail or involve either the M-16 rifle or interchangeability. The "best mode" for making and using the claimed parts relates to their use in a rifle, any rifle. There is nothing anywhere in the present record indicating that any of the patents fail to meet that requirement. Again, there was no testimony or evidence relating to the best mode of practicing the *claimed inventions*.

Christianson complains of its inability to sell an M-16 rifle to an army. Its difficulty, however, is not with section 112, or with Colt's compliance with section 112.

The patent system has conferred on Colt no exclusivity or economic advantage respecting Colt's dimensions, tolerances, and drawings necessary for interchangeability. Colt's sole basis for protection of the production data and drawings it developed to achieve interchangeability lies in state trade-secrecy law. Because there is nothing of record to indicate that disclosure of its production secrets in its patents was required by section 112, there can be and is no conflict here between federal patent law and state trade-secrecy law, and thus no question of "preemption." For the same reason, Colt's non-disclosure of its trade secrets in its patent applications was not "inconsistent with the objectives of the patent system" and Colt is not "extending its exclusionary rights" in the patented inventions. Christianson has shown simply no basis whatever for arguing that Colt did not fulfill its section 112 *quid pro quo* in obtaining the involved patents.

The district court's only basis for invalidating Colt's claim to production trade secrets was its view that failure to disclose them constituted noncompliance with section 112. As above indicated, that was legal error, nothing of record having indicated that the disclosures in the involved patents failed to enable, or to supply the best mode, in relation to the inventions claimed in those patents. There is no evidence, nor is it argued, that Colt kept its *inventions* secret. Nor has it been shown that any of Colt's secrets were necessary parts of or needed to

practice Colt's inventions. Nor has it been shown that interchangeability was part of any of the claimed inventions. All that has been shown and argued is that Colt has not let Christianson have Colt's manufacturing techniques, a fact having nothing to do with section 112 or any other part of the patent law.

Thus there is no basis in this record for invalidating either Colt's claim to trade secrets or its patents. Nor is there a basis for the district court's rulings that noncompliance with section 112 preempts state trade secret law in this case, or that Colt is liable under the antitrust laws or for tortious interference with contract. A basis is equally lacking for the district court's dismissal of Colt's counterclaims. The summary judgment entered by the district court rests on legal error and must for that reason be reversed and vacated in its entirety.

#### (e) The Facts

Whether a patent disclosure complies with the best mode requirement of section 112 is a question of fact. Enroute to its grant of summary judgment, the district court resolved some disputed issues of material fact and disregarded others. Summary judgment was for that further reason improper.

As above indicated, the district court here noted this court's dicta about section 112 in its opinion in *Springfield*, but it disregarded these immediately ensuing lines of this court's opinion:

Springfield points to "admissions" of Colt's witnesses that M-16 specifications were necessary for making the M-16 rifle. However, as we understand it, the numerous Colt patents covered *parts* of the M-16, so that, at most, a best mode of each would be for *use* in the M-16 rifle — not for the M-16 itself. This would require an analysis, patent by patent, of the specifications (trade secrets) alleged to be essential in practicing each invention and/or meeting the best mode requirement; also a showing of why each individual invention could not be practiced and/or the best mode requirement satisfied in the absence of such specifications; further, whether such specifications were in existence at the time the Colt patent applications were filed. (Emphasis in original.)



**CONCLUSION**

This court was correct in its original transfer of this appeal to the Seventh Circuit. Compelled to decide the merits, however, we reverse the summary judgment granted to Christianson in its entirety, vacate portions of the summary judgment that are not grounded on the complaint and for which there is no support in the record, and remand the case to the district court for further proceedings not inconsistent with this opinion.

Christianson's motion to dismiss and Colt's request that a sanction be imposed on Christianson are denied.

**REVERSED IN PART, VACATED IN PART, AND  
REMANDED.**

**United States Court of Appeals  
for the Federal Circuit**

CHARLES R. CHRISTIANSON AND )  
INTERNATIONAL TRADE SERVICES, )  
INC., ETC., )

*Appellee,* )

v. )

COLT INDUSTRIES OPERATING CORP., )

*Appellant,* )

) Appeal No. 85-2644

NICHOLS, *Senior Circuit Judge*, concurring and dissenting

I join in the judgment of the court and in part (3) of the court's opinion. I think the district court's opinion was preposterous and must be reversed. It fails, among other things, to take into account the acts of the government as purchaser of the M-16. The United States could have obtained the M-16 rifle from its inventors and developers, as a sole source, or could have opened its procurement up to competition, breaking any monopoly derivable from United States patent law, state trade secret law, or otherwise. *Leesona Corp. v. United States*, 599 F.2d 958 202 USPQ 424 (Cl. Cl.), *cert. denied*, 444 U.S. 991 (1979). How does a supplier do wrong in doing what its customer wants, when the customer is the United States?

I am unable to join parts (1) and (2) because, with all respect, I think they deal with the jurisdictional problem in an incorrect manner. If it is true we lack jurisdiction (part 1), whence do we derive authority to do anything other than return the case once again to the Seventh Circuit, which has jurisdiction, if we do not?

I would reach the same result by a different route. Ever since Congress enacted the Tucker Act a century ago, Ch. 359, 24

Stat. 505 (1887) (current version at 28 U.S.C. §1491), there has existed a situation where the judicial power of the United States has been exercised in part by courts having jurisdiction within a single region over multiple subject matters, and in part by courts having nationwide jurisdiction over more limited subject matters. Such a partitioning has always meant a high degree of likelihood of conflicting claims to jurisdiction (or conflicting denials of it) along the lines of demarcation, in the borderline cases. They represent traps for the unwary, causes of added cost and delay in the disposition of litigation, and sometimes even discredit for the judiciary. An example, long antedating the Federal Courts Improvement Act, is *Amell v. United States*, 384 U.S. 158 (1966), in which the Supreme Court, reversing the Court of Claims, held that Congress had thought of civilian sailors on government-owned and operated vessels as civil servants who happened also to be seamen rather than seamen who happened also to be civil servants; thus their wage claim should be enforced under the Tucker Act, not the Suits in Admiralty Act. Numerous as such cases have been, we may suppose many more instances lurk in the interstices to illustrate again once more that only one law is universal: Murphy's Law. When the express language of the statutes does not provide answers, perhaps the legislative history will. When both are silent, the supposition, as in *Amell*, that Congress must have thought so and so, is pretty much a legal fiction. How much a fiction it was in *Amell*, Justice Harlan's able dissent will show. If Congress thinks, it leaves its thought recorded, but it could not possibly think of all the problems the future will bring. *United States v. Hohri*, 55 U.S.L.W. 4716 (U.S. June 1, 1987), is a more recent example of the problems which must ever arise under the Federal Courts Improvement Act or any other legislation along the same lines. It is more realistic to say that Congress relies on the good sense and good will of the judges to solve such problems when they arise, as they surely will, to make jurisdictional law using their own experience, study, and reflection, and their sense of what Congress sought to do, to reach some reasonable solution. If it would not do such violence to custom, I would even go so far as

to suggest that two courts differing about where jurisdiction lies, though it must lie in one or the other, should actually confer to agree, if possible, on what they should do.

It is not uncommon for two federal courts to make conflicting claims to the same subject matter. It is less common for each to assert the baby belongs on the other's lap. That is what we have here. It appears to me courts ought to accord a decent respect to the first fully articulated view about a question of this kind. That is the Seventh Circuit's view here, as our decision that preceded it was unpublished and gave no reasons. If the legislative intent was not expressly stated, and cannot be divined from legislative history all pointing one way, I think the first appellate court that speaks should be followed, unless its decision is obviously indefensible: the kind of decision so bad it would not rate as "law of the case." That we, if writing on a clean slate, would write differently, is not ground enough to reject the Seventh Circuit's conclusions here if they are ones that reasonable judges could arrive at. If we approach our task that way, the absurd result of each court returning the case to the other can be avoided.

I do not think the Seventh Circuit's decision in this case is one no reasonable judge would have made. It struck me as quite persuasive when I first read it. Now I know a powerful counter argument is possible, because I have just read one, but I do not see this case as open and shut for either conclusion.

What happened in the district court seems to be that the judge adopted, on summary judgment, a line not pointed out in the pleadings of either side. It seems obvious to me that a new "well-pleaded complaint," written by one who wished to call up the court's ultimate conclusion, is the one we must postulate. As the Seventh Circuit points out, the "well pleaded complaint" of the cases is not necessarily the actual complaint. It is the supposititious complaint that would have supported the relief sought. Such a complaint here would support jurisdiction under section 1338. It asserts a right or privilege that would be defeated by one or sustained by an opposite construction of the patent laws. *Beghin-Say International Inc. v. Rasmussen*, 733

F.2d 1568, 1570, 221 USPQ 1121, 1123 (Fed. Cir. 1984). I believe such a "well-pleaded complaint" here would have used the patent law offensively. The hypothetical pleader would complain of a breach of the patent law by Colt's failure to publish an enabling disclosure so the pleader could make an M-16 rifle. (This is absurd, but it is the ground the court went off on.) This enabling disclosure would have included all the "trade secrets." Therefore, the court must require Colt now to do what it ought to have done earlier, *i.e.*, make the secrets available now. In deciding whether this is a claim to a right under the patent laws, we must not be misled by its sheer preposterousness, or its novelty. The fact the district court's decision was based on a mere "argument" is not decisive if the court could and should have called for an amended complaint. If the suit started as one under the antitrust laws, it was now one no longer, or not solely. It has become one to enforce a right allegedly created by the patent statute. The antitrust laws could not be the source of a complaint that the specification disclosures were inadequate, and the whole antitrust case collapses if the disclosures were in fact all the patent law required.

If this analysis is not the only possible one, I think it cannot be called frivolous, or absurd, or "clearly wrong." It does not require me to agree that our first decision rejecting jurisdiction was, as the Seventh Circuit said, "clearly wrong" either. I do not see how they knew this if they did not know its reasoning. We must choose. But it seems a little unnatural to me to treat the "well-pleaded complaint" rule as requiring us to leave uncorrected a decision under the patent laws as destructive to the rights of patentees as the one we review here.

## Appendix B

### In the United States Court of Appeals For the Seventh Circuit

No. 86-1145

CHARLES R. CHRISTIANSON AND INTERNATIONAL TRADE  
SERVICES, INC., a Massachusetts corporation,

*Plaintiffs-Appellees,*

*v.*

COLT INDUSTRIES OPERATING CORPORATION,

*Defendant-Appellant.*

Appeal from the United States District Court  
for the Central District of Illinois, Rock Island Division.  
No. 84 C 4056—Robert D. Morgan, Judge

ARGUED MAY 8, 1986—DECIDED AUGUST 19, 1986

Before CUMMINGS, *Chief Judge*, BAUER, *Circuit Judge*,  
and ESCHBACH, *Senior Circuit Judge*.

ESCHBACH, *Senior Circuit Judge*. The primary question we address in this appeal is whether this court has appellate jurisdiction over the dispute. For the reasons stated below, we will hold that the instant case "arises under" the patent laws of the United States and, therefore, that exclusive jurisdiction over the appeal from the district court's decision lies in the Court of Appeals for the Federal Circuit under 28 U.S.C. § 1295. We will order the case transferred pursuant to 28 U.S.C. § 1631.



## I

In 1959, the defendant-appellant, Colt Industries Operating Corporation ("Colt") acquired a license from another company for sixteen patents and other rights relating to the seller's "AR-10" and "AR-15" rifles. Colt refined these designs and developed a weapon, known as the "M16," that was adopted by the United States Army in 1964 as its standard small-arms rifle. It remains the standard today. Colt granted the Army a manufacturing license to produce the weapon, and entered into contracts with various suppliers in the United States for the manufacture and sale of component parts of the rifle. The defendant also sells the M16 to non-military customers, such as law enforcement agencies, and to several foreign governments and has provided a number of foreign governments with manufacturing licenses; most of the latter agreements, however, have expired.

Colt produces several versions of the M16. In the course of refining the weapon, the company has obtained additional patents, some of which have been incorporated into the weapon. Many of these patents have expired. However, much of Colt's engineering work for the M16 was not for patents, but for the refinement of the specifications of the components of the rifle, because it was essential that all parts function effectively, be mass-producible, and remain interchangeable. Much of the work on the weapon has been devoted to the selection of materials and the development of tooling, testing, and manufacturing processes to control the tolerances of the rifle's parts.

Colt seeks to maintain the secrecy of these conventional (*i.e.*, nonpatentable) techniques in a number of ways. It places proprietary legends on its drawings, which state that the information contained therein is owned by Colt and cannot be disclosed to third parties. In its contracts, Colt prohibits its suppliers and licensees from using the drawings outside the scope of their agreements and from disclosing the information to third parties. Colt also sends letters to its suppliers reminding them of their obligations.

Its employees must agree not to disclose, even after they leave Colt, the confidential information they obtain while working for the defendant. The company has sent cease-and-desist letters and initiated legal proceedings against those parties it considered to be misappropriating this allegedly proprietary information.

Prior to the instant case, Colt filed in 1983 a suit in the United States District Court for the Central District of Illinois against Springfield Armory, Inc., and a related corporation, Rock Island Armory, Inc., (referred to collectively as "Springfield"), to enjoin the performance of a contract Springfield had for the sale of M16-type rifles to El Salvador. Colt claimed that it would be irreparably damaged by Springfield's alleged infringement of Colt's patents and alleged unauthorized use of Colt's drawings and proprietary information, which Colt claimed were trade secrets and its exclusive property. Springfield sought to show that it had "reverse engineered" the weapon. After a hearing, the district court found that Springfield had simply copied Colt's proprietary documents and granted a preliminary injunction against Springfield.

After the injunction was issued, Colt added Charles Christianson (a former Colt employee) and Christianson's company, International Trade Services, Inc., (referred to collectively as "Christianson") as parties to the *Springfield* action on the ground that Christianson was the source of information for Springfield. Colt voluntarily dismissed its complaint against Christianson after the district court denied Colt's motion for a preliminary injunction against Christianson.

Springfield sought review of the preliminary injunction before the Federal Circuit. Springfield did not pursue the "reverse engineering" theory on appeal, but argued instead that, because the weapon could not be reverse engineered, Colt should have revealed the dimensions, tolerances, and specifications of the rifle in approximately 30 patent applications in order to satisfy the disclosure re-

quirements of 35 U.S.C. § 112.<sup>1</sup> The Federal Circuit stated that Springfield's § 112 arguments, particularly those related to "best mode," "have an appearance of validity" (citing *White Consolidated Industries, Inc. v. Vega Servo-Control, Inc.*, 713 F.2d 788 (Fed. Cir. 1983)), but found that "the evidence of record is almost totally lacking in specifics." The court noted further:

[A]s we understand it, the numerous Colt patents covered *parts* of the M-16, so that, at most, a best mode of each would be for *use* in the M-16 rifle—not for the M-16 itself. This would require an analysis, patent by patent, of the specifications (trade secrets) alleged to be essential in practicing each invention and/or meeting the best mode requirement; also a showing of why each individual invention could not be practiced and/or the best mode requirement satisfied in the absence of such specifications; further, whether such specifications were in existence at the time the Colt patent applications were filed.

Thus, the Federal Circuit found that these facts would have to be developed further and in a brief unpublished order affirmed the preliminary injunction granted in favor of Colt. *Colt Industries Operating Corp. v. Springfield Armory, Inc.*, No. 84-559 (Fed. Cir. Apr. 19, 1984).

In the meantime, Christianson filed the instant action against Colt. Its complaint was not artfully drafted. Even a cursory examination of the pleading suggests that little attention was given to some rather important details. For example, in the prayer for relief under the antitrust claim

<sup>1</sup> 35 U.S.C. § 112 provides in relevant part:

The specification [required by 35 U.S.C. § 111] shall contain a written description of the invention, and the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

the plaintiff asks for "trouble damages." In addition, given the complexity of the factual and legal questions presented, the complaint is astoundingly brief. Nonetheless, the following allegations emerge: Colt controls nearly all of the domestic and foreign manufacture, marketing, and sale of 5.56mm automatic assault and semi-automatic rifles that fall within the M16 designation and also controls the domestic and foreign market for the manufacture, marketing, and sale of M16 parts and accessories. Colt had licensed the United States government and others with respect to the patents held by Colt for the M16, but the licenses extended beyond the patents. In addition, the complaint alleged:

As of 1980, the basic patents with respect to the Colt rifle within the M-16 designation and many of the Colt improvement patents on such rifle within the M-16 designation had expired.

The validity of the Colt patents had been assumed throughout the life of the Colt patents through 1980. Unless such patents were invalid through the wrongful retention of proprietary information in contravention of United States Patent Law (35 U.S.C. § 112), in 1980, when such patents expired, anyone "who has ordinary skill in the rifle-making art" is able to use the technology of such expired patents for which Colt earlier had a monopoly position for 17 years.

[Christianson] and anyone else has the right to manufacture, contract for the manufacture, supply, market and sell the M-16 and M-16 parts and accessories thereof at the present time.

#### Complaint ¶¶ 17-19.

In 1976, prior to the expiration of the Colt patents, Christianson expended funds for tooling to be used in the manufacture of M16 parts and accessories, and Colt initially gave Christianson permission to produce these products. Until shortly before May of 1984, Christianson was engaged in the manufacture of M16 parts and accessories. However, according to the complaint:



Contrary to the permission extended to [Christianson] to sell Colt parts and accessories and in violation of the anti-trust laws of the United States . . . , Colt has embarked upon a course of conduct to illegally extend its monopoly position with respect to the described patents and to prevent [Christianson] from engaging in any business with respect to parts and accessories of the M16. . . .

#### Complaint ¶ 22.

The complaint describes various actions taken by Colt, such as the sending of letters to actual and potential customers of Christianson to discourage them from dealing with Christianson and the filing of lawsuits to enforce its monopoly. In addition, it alleged that Colt:

[s]ent additional correspondence to customers and potential customers of [Christianson] asserting illegally its claimed rights over M-16 drawings, specifications and parts and accessories to the M-16, and falsely stating that "Colt's right" to proprietary data had been "consistently upheld in various courts."

#### Complaint ¶ 22(c).

As a result of these activities, Christianson was driven out of business. Alleging that its demise caused a generalized injury "in the domestic and foreign marketplaces and assured Colt of the maintenance of its unlawful monopoly of the manufacture, marketing and sale of" M16s and their parts and accessories, Christianson sought recovery under §§ 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26 (by reason of Colt's violation of §§ 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1 and 2), in the form of damages, injunctive relief, attorney's fees, and any other relief the court may deem proper.<sup>2</sup>

<sup>2</sup> Christianson later amended the complaint to add a second count alleging that Colt tortiously interfered with Christianson's contracts and prospective economic advantages.

In its answer, Colt denied generally Christianson's allegations and set up seven affirmative defenses. With reference to the patent disclosures, however, Colt admitted that "anyone with ordinary skill in the art is entitled to and is able to use any and all of Colt's expired patents for any legitimate purpose." Answer ¶ 18. Colt also included in its answer eleven counterclaims for breach of contract, unfair competition, misappropriation of trade secrets and trademarks, and tortious interference with contractual relations.

The case was scheduled for trial in late 1984. However, that schedule was cancelled on the representation of the parties that they would file cross-motions for summary judgment. The district court ruled on these motions on May 24, 1985. The court stated in its order that "[t]he complaint alleges that Colt has employed [restrictive clauses in its contracts] in an attempt to deny to any others the right to manufacture such rifles and parts notwithstanding the fact that Colt's patents have been expired for several years. It is alleged that Colt attempts, by such practices, to foster and maintain its monopoly position in the manufacture and merchandising of the products as if its patents still remained in force." It observed that "[t]he thrust of plaintiff's [summary-judgment] motion is the position that Colt cannot assert its claims of trade secrecy against plaintiffs because it had, in its now-expired patents, failed to make the full disclosures of its claims of invention as required by 35 U.S.C. § 112."

The court concluded that the disclosures made by Colt in obtaining its patents satisfied neither the "enablement" nor the "best mode" requirements of 35 U.S.C. § 112, so that the patents were invalid *ab initio* and that any claim of trade secrecy based on the undisclosed information was also invalid. Thus, it granted Christianson's motion for summary judgment as to liability and denied Colt's motion. On July 19, 1985, the district court entered its "Final Judgment on Liability," in which (1) it was ordered that a trial be held to determine the damages Christianson sustained as a result of Colt's anticompetitive activ-



ities, (2) nine of Colt's patents were invalidated "from their inception," and (3) all trade secrets regarding the M16, whether connected with the patents or not, were declared void and unenforceable. Colt was enjoined from asserting or seeking to enforce its now invalid trade secrets, ordered to preserve the technical information it had about the M16, and directed to remove its proprietary legends and confidentiality designations from its documents.

Colt originally filed this appeal under 28 U.S.C. §§ 1292(a)(1) and 1295 in the Federal Circuit. Christianson, however, moved for a transfer under 28 U.S.C. § 1631 on the ground that the claims of the complaint did not "arise under" the patent laws. The Federal Circuit, in an unpublished order dated December 4, 1985, granted Christianson's motion. The appeal was then transferred and argued before this court.

## II

This court, like all federal courts, has a continuing obligation to determine whether it has subject-matter jurisdiction over the disputes coming before it. See *Bender v. Williamsport Area School District*, \_\_\_ U.S. \_\_\_, \_\_\_, 106 S. Ct. 1326, 1331 (1986); *Allen v. Ferguson*, 791 F.2d 611, 615 (7th Cir. 1986); *Professional Managers' Association v. United States*, 761 F.2d 740, 745 n.3 (Fed. Cir. 1985). Since the inception of the federal judiciary, it has been the settled rule that a court must make a determination of jurisdiction *sua sponte* when it first receives a case, and at any time thereafter in the course of the litigation should jurisdiction appear questionable.<sup>3</sup> *Louisville &*

<sup>3</sup> We are, of course, invested with an inherent "proto-jurisdiction" to determine whether we have subject-matter jurisdiction. See *Bender v. Williamsport Area School District*, \_\_\_ U.S. \_\_\_, \_\_\_, 106 S. Ct. 1326, 1331 (1986); *Franchise Tax Board v. Construction Laborers Vacation Trust*, 463 U.S. 1, 7, 103 S. Ct. 2840, 2845 (1983); *C.R. Bard, Inc. v. Schwartz*, 716 F.2d 874, 877 (Fed. Cir. 1983).

*Nashville Railroad Co. v. Mottley*, 211 U.S. 149, 29 S. Ct. 42 (1908); *Mansfield, Coldwater & L.M. Railroad v. Swan*, 111 U.S. 379, 4 S. Ct. 510 (1884); *Capron v. Van Noorden*, 6 U.S. (2 Cranch) 126 (1804); see also *Wisconsin Knife Works v. National Metal Crafters*, 781 F.2d 1280, 1282 (7th Cir. 1986); *Dubost v. United States Patent & Trademark Office*, 777 F.2d 1561, 1564-65 (Fed. Cir. 1985); *Van Drasek v. Lehman*, 762 F.2d 1065 (D.C. Cir. 1985); *Professional Managers' Association*, 761 F.2d at 743. The uncritical recitation of a jurisdictional basis, whether made by either a lower court or a party, is not controlling, no more than is the parties' stipulation of jurisdiction in a federal tribunal. See *Mansfield*, 111 U.S. at 382, 4 S. Ct. at 511. To the contrary, the power of the federal judiciary is limited and no court may alter the scope of its, or another tribunal's, constitutional or statutory mandate. See *Williams v. Secretary*, 787 F.2d 552, 557 (Fed. Cir. 1986). It follows, then, that the substance of the allegations (i.e., their intended effect on the rights of the parties), not their form, is determinative and that we must look to the actual, rather than the ostensible, nature of the action that was before the district court in determining whether we have jurisdiction over an appeal. *Id.*<sup>4</sup>

We will first consider, however, a question presented by the unusual procedural posture of this case. No one would dispute that we are bound by a superior court's ruling on the issue of jurisdiction and that we are not bound by a lower court's ruling on the matter. This appeal, however, was originally filed in the Federal Circuit, a coordinate jurisdiction, that, in ruling on the appellee's motion to transfer, sent the suit here. The question then

<sup>4</sup> In an appeal of this nature, we would ordinarily ask for further briefing on the jurisdictional question. We, however, perceive no need for such a request in this case, because we have before us the briefs filed by the parties in the Federal Circuit regarding the plaintiff's motion to transfer under 28 U.S.C. § 1631.

arises whether we are bound by that court's ruling that this court is to hear the case. We think not.<sup>5</sup>

This is not an example of preclusion by final judgment, because, as the Supreme Court's decision in *Hoffman v. Blaski*, 363 U.S. 335, 340-41, 80 S. Ct. 1084, 1088 (1960), illustrates, transfer orders are interlocutory. Thus, if any preclusive doctrine applies to the transfer order of the Federal Circuit under consideration, it is the doctrine of law of the case, which governs the regulation of matters before a final judgment. That doctrine, however, is prudential only and, in the words of Justice Holmes, "merely expresses the practice of courts generally to refuse to reopen what has been decided, not a limit to their power." *Messenger v. Anderson*, 225 U.S. 436, 444, 32 S. Ct. 739, 740 (1912). It does not mandate perpetuation of error and may even under certain circumstances be inappropriate to preclude reconsideration of those issues that, because of their intrinsic importance, must be left open for *sua sponte* reexamination in other procedural settings. Indeed, there is authority for the proposition that the issue of subject-matter jurisdiction is not constrained by law of the case principles. See *Potomac Passengers Association v. C & O Railway*, 520 F.2d 91, 95 & n.22 (D.C. Cir. 1975). Even the Fifth Circuit, which has developed a rigorous law of the case doctrine, routinely allows for the reconsideration of jurisdictional rulings. See, e.g., *Harcon Barge Co. v. D & G Boat Rentals, Inc.*, 746 F.2d 278, 283 n.2 (5th Cir. 1984), *rehearing on other grounds*, 784 F.2d 665 (5th Cir. 1986); *EEOC v. Neches Butane Products Co.*, 704 F.2d 144, 146-47 (5th Cir. 1983); *Western Electric Co. v. Milgo Electronic Corp.*, 568 F.2d 1203, 1205-06 & nn.5, 6 (5th Cir.), *cert. denied*, 439 U.S. 895 (1978); see also *In re "Agent Orange" Product Liability Litigation*, 745 F.2d 161, 163 n.1 (2d Cir. 1984); *Acton*

<sup>5</sup> We are only addressing the question of subject-matter jurisdiction and express no view on the binding effect of rulings by a coequal jurisdiction on other matters that do not affect the power of the court to rule on the subject matter of the case.

*Corp. v. Borden, Inc.*, 670 F.2d 377, 379 n.2 (1st Cir. 1982); *United States v. Humphries*, 636 F.2d 1172, 1174 n.2 (9th Cir. 1980), *cert. denied*, 451 U.S. 988 (1981); *Green v. Department of Commerce*, 618 F.2d 836, 839 n.9 (D.C. Cir. 1980).

Of course, we need not under the facts of this case decide whether law of the case is *always* inapplicable to interlocutory jurisdictional rulings. We do find, however, that it should not foreclose reconsideration of the decision of the Federal Circuit ordering a transfer of the instant appeal to this court. The doctrine allows for reconsideration and reversal of even nonjurisdictional rulings that are manifestly incorrect, and we believe that the jurisdictional ruling at issue in this case was clearly wrong. In addition, this is not a case in which the jurisdictional determination turns on disputed facts. To the contrary, the basis for the lawsuit appears on the face of the complaint. Nor has there been a prior plenary appellate decision on the merits. Indeed, if this jurisdictional ruling had been made by a panel of this court, we would not hesitate to reconsider it. Furthermore, we should, in view of the policy embodied in § 1295 to centralize patent appeals, be especially sensitive to the allocation of jurisdiction between the regional circuits and the Federal Circuit.

The fact that this ruling was made by a sister circuit cannot alter that result. We do not think that an interlocutory jurisdictional ruling made by a coordinate tribunal is entitled to any greater deference than one of our own interlocutory jurisdictional rulings. It is true that a transfer should not give rise to a second opinion on every issue decided by the transferor court, but it is also true that transfer orders are not of a special breed and that a transfer should no more ossify prior rulings of a coordinate jurisdiction than it should require their routine reexamination. Predictability in litigation and comity among judicial colleagues are important, but they cannot allow one circuit either to enlarge or restrict improperly the jurisdiction of another. An action transferred from one



circuit to another under 28 U.S.C. § 1631 is still a single case and should be treated as nearly as possible like a case that remains in a single jurisdiction. Thus, under the authority of *Hoffman*, 363 U.S. at 340-41, 80 S. Ct. at 1088, we find that interlocutory jurisdictional rulings that result in a transfer should, to the extent practicable, have the same effect and significance that such rulings would have in litigation that is not transferred.<sup>6</sup> As we would have reexamined our own ruling, so may we reexamine that of the Federal Circuit.

We also note that the Federal Circuit has never considered itself constrained by the jurisdictional rulings of other circuits that result in a transfer to that court, and has even allowed the party that was successful in obtaining a transfer to the Federal Circuit to change its position and move for a return to the transferor forum. See, e.g., *Bray v. United States*, 785 F.2d 989 (Fed. Cir. 1986); *Hurick v. Lehman*, 782 F.2d 984 (Fed. Cir. 1986); *Chemical Engineering Corp. v. Marlo, Inc.*, 754 F.2d 331 (Fed. Cir. 1984); cf. *C.R. Bard, Inc. v. Schwartz*, 716 F.2d 874 (Fed. Cir. 1983). We perceive no reason why this power to reconsider the jurisdictional rulings of another circuit court should not be reciprocal. There is certainly no basis in law for the proposition that the Federal Circuit has greater latitude than the regional circuits in defin-

<sup>6</sup> We note the Court's statement in *Hoffman*, 363 U.S. at 240 n.9, 80 S. Ct. at 1088 n.9, that the mandamus order at issue (which preceded the transfer) did not expressly reach the jurisdiction question. Thus, *Hoffman* does not directly address the effect of a transfer order that expressly rules on the jurisdictional issue. The Court's characterization of the mandamus order as interlocutory, however, is a powerful, albeit implicit, recognition that the preclusive effect of that order is to be determined by the doctrine of law of the case and not those of res judicata or collateral estoppel. Cf. *id.*, 363 U.S. at 345, 80 S. Ct. at 1090 (Stewart, J., concurring).

ing the boundary between its and the regional circuits' jurisdiction.<sup>7</sup>

We will, therefore, consider whether we possess appellate jurisdiction in the instant case. To do so, we must determine whether the Federal Circuit has exclusive jurisdiction over the appeal because, in the absence of 28 U.S.C. § 1295(a)(1), we clearly would. Section 1295(a)(1) sets forth the Federal Circuit's jurisdiction over patent, plant-variety, copyright, and trademark disputes and provides in relevant part:

[The Federal Circuit] shall have exclusive jurisdiction . . . of an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on [28 U.S.C. § 1338] . . . .

(emphasis added.)<sup>8</sup>

The primary purposes for the creation of the Federal Circuit were to provide greater uniformity in the substantive law of patents and to prevent the inevitable forum

<sup>7</sup> There is also a prudential consideration involved here. The relevant portion of the transfer order in this case reads, in its entirety, as follows:

Having reviewed the submissions of the parties, as well as the pleadings filed in the district court, the court can discern no basis for jurisdiction in the Court of Appeals for the Federal Circuit.

We believe that this order—like a summary affirmance, see, e.g., *Bowers v. Hardwick*, \_\_\_ U.S. \_\_\_, \_\_\_ n.4, 106 S. Ct. \_\_\_, \_\_\_ n.4 (1986); *Illinois State Board v. Socialist Workers Party*, 440 U.S. 173, 180-81, 99 S. Ct. 983, 988 (1979), or a decision of a motions panel, see, e.g., *EEOC v. Neches Butane Prods. Co.*, 704 F.2d 144, 147 (5th Cir. 1983)—has considerably less persuasive force than a full opinion on the complex questions presented.

<sup>8</sup> It should be noted that § 1295(a)(1) excepts from the Federal Circuit's jurisdiction those cases that involve claims concerning copyright or trademarks and no other claims. See *Interpart Corp. v. Italia*, 777 F.2d 678, 680 (Fed. Cir. 1985). Thus, the latter category of actions are still heard by the regional appellate courts.



shopping that results from conflicting patent decisions in the regional circuits. *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422 (Fed. Cir. 1984) (en banc); *C.R. Bard*, 716 F.2d at 878. It is these concerns that animate the jurisdictional grant under § 1295 and inform our analysis of the jurisdiction question.

By granting the Federal Circuit exclusive jurisdiction over every case in which the district court's original jurisdiction was based "in part" on § 1338, § 1295 accords priority to patent issues. It is clear that the goal of uniformity would be difficult to achieve if a case must be solely or primarily based on the patent laws before § 1295 would be triggered. Thus, if any part of the district court's jurisdiction could have been based on § 1338, the Federal Circuit has exclusive jurisdiction over the entire appeal. Non-patent issues in the suit, even if they have their genesis in federal law, are for the purposes of establishing appellate jurisdiction considered pendent to the patent claims.<sup>9</sup> See *Interpart Corp. v. Italia*, 777 F.2d 678, 681 (Fed. Cir. 1985); *Sun Studs, Inc. v. Applied Theory Associates, Inc.*, 772 F.2d 1557 (Fed. Cir. 1985); *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1029 (Fed. Cir. 1985); *Rhone-Poulenc Specialites Chimiques v. SCM Corp.*, 769 F.2d 1569 (Fed. Cir. 1985); *Profes-*

<sup>9</sup> The rules governing federal statutory jurisdiction were developed primarily to determine whether a case could be heard before a federal, as opposed to a state, court. In the context of § 1295, however, a different set of considerations comes into play because a judgment has already been rendered by a federal district court. Obviously, every case that "arises under" 28 U.S.C. § 1338 also "arises under" 28 U.S.C. § 1331, because the patent laws are a subset of the laws of the United States. However, for § 1295 to have any practical effect in centralizing patent appeals, that provision must mean that appellate jurisdiction depends on whether the jurisdiction of the district court *could* have been based on § 1338. Thus, the presence of other grounds for original federal jurisdiction cannot foreclose an appeal before the Federal Circuit; otherwise, there could be no such appeals, because, as noted above, all § 1338 cases are also § 1331 cases.

*sional Managers' Association*, 761 F.2d at 743-44; *Atari, Inc.*, 747 F.2d at 1429-38; *Panduit Corp. v. All States Plastic Manufacturing Co.*, 744 F.2d 1564, 1573 (Fed. Cir. 1984). This is true even though the non-patent claims might be resolved first and could, therefore, moot the patent claims. *Air Products & Chemicals, Inc. v. Reichhold Chemicals, Inc.*, 755 F.2d 1559, 1563-64 (Fed. Cir.), cert. dismissed, — U.S. —, 106 S. Ct. 22 (1985).<sup>10</sup>

28 U.S.C. § 1338(a), to which § 1295(a)(1) refers, provides:

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

Although there was initially some confusion regarding the interaction between § 1295 and § 1338, see, e.g., *Marsh v. Austin-Fort Worth Coca-Cola Bottling Co.*, 744 F.2d 1077, 1080 (5th Cir. 1984), it is now settled that § 1295 incorporates the traditional rules of statutory "arising under" jurisdiction. See *Gilson v. Republic of Ireland*, 787 F.2d 655 (D.C. Cir. 1986); *Dubost*, 777 F.2d at 1561; *Atari, Inc.*, 747 F.2d at 1435-36; see generally *Franchise Tax Board v. Construction Laborers Vacation Trust*, 463 U.S. 1, 103 S. Ct. 2841 (1983) (discussion of "arising under" jurisdiction).

<sup>10</sup> Section 1295 may save costs by promoting uniformity, but, initially at least, it imposes new costs generated by jurisdictional uncertainty. Cf. *Van Drasek v. Lehman*, 762 F.2d 1065, 1070 (D.C. Cir. 1985); *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422 (Fed. Cir. 1984) (en banc); *Professional Managers' Association v. United States*, 761 F.2d 740 (Fed. Cir. 1985). The instant appeal is but another in the burgeoning list of cases delineating, at considerable expense to the parties and the judicial system and no doubt considerable bewilderment to laymen, the boundaries of 28 U.S.C. § 1295(a)(1).

The term "arising under" appears in Article III of the Constitution. Chief Justice Marshall, writing for the Court in *Osborn v. Bank of United States*, 22 U.S. (9 Wheat.) 738, 822-27 (1824), concluded that this constitutional provision extended the grant of power to the federal judiciary to every case in which federal law potentially forms an ingredient of the claim. It is clear, however, that these same words, when used in a *statutory* grant of jurisdiction, e.g., § 1338, have a narrower meaning and do not reach every case in which there may be a federal component. *Franchise Tax Board*, 463 U.S. at 8 n.8, 103 S. Ct. at 2846 n.8. Nonetheless, as Justice Frankfurter observed in *Textile Workers Union v. Lincoln Mills*, 353 U.S. 448, 470, 77 S. Ct. 923, 928 (1957) (Frankfurter, J., dissenting), "The litigation-provoking problem has been the degree to which federal law must be in the forefront of the case and not collateral, peripheral or remote."

There are two types of cases that may be said to "arise under" the patent laws for the purposes of § 1338 that are relevant to the disposition of this appeal.<sup>11</sup> First, as Justice Holmes stated in *American Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257, 260, 36 S. Ct. 585, 586 (1916), "A suit arises under the law that creates the cause of action." In *American Wells*, where the claim was injury to a business involving slander of patent, the Court found that "[w]hether it is a wrong or not depends upon the law of the state where the act is done," so that the suit did not arise under the patent laws. Nonetheless, although Holmes's "creation" test may be helpful in identifying many cases that come within the district court's original jurisdiction, it has limited value in identifying those that do not. See *Franchise Tax Board*, 463 U.S. at 8-9, 103 S. Ct. at 2846.

<sup>11</sup> Judge Friendly stated that there was a third category, i.e., a case in which a distinctive policy of the patent laws requires that federal principles control the disposition of the claim. *T.B. Harms Co. v. Eliscu*, 339 F.2d 823, 828 (1964), *cert. denied*, 381 U.S. 915 (1965). However, we need not consider this class of cases to resolve the jurisdictional question before us.

Second, a case arises under the patent laws where the vindication of a right under a non-patent law calls for a determination of the meaning or application of a patent law. *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964) (Friendly, J.), *cert. denied*, 381 U.S. 915 (1965); see also *Franchise Tax Board*, 463 U.S. at 9, 103 S. Ct. at 2846. In the words of the Federal Circuit, the case arises under § 1338 if the plaintiff seeks to vindicate a right or interest "that would be defeated by one or sustained by an opposite construction" of the patent laws. *Beghin-Say International, Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 1570 (Fed. Cir. 1984); see also *Dubost*, 777 F.2d at 1565.

Of course, the determination whether a case fits within either of these two categories must be made in light of the "well-pleaded complaint" doctrine, which requires that the plaintiff's complaint establish that the case "arises under" federal law. As the Supreme Court observed in *Franchise Tax Board*, 463 U.S. at 10, 103 S. Ct. at 2846 (quoting *Taylor v. Anderson*, 234 U.S. 74, 75-76, 34 S. Ct. 724, 724 (1914)):

[W]hether a case is one arising under the Constitution or a law or treaty of the United States, in the sense of the jurisdictional statute . . . , must be determined from what necessarily appears in the plaintiff's statement of his own claim in [the complaint], unaided by anything alleged in anticipation of avoidance of defenses which it is thought the defendant may interpose.

See also *Louisville & Nashville Railroad Co. v. Mottley*, 211 U.S. 149, 29 S. Ct. 42 (1908). The doctrine serves an important purpose in the scheme of federal jurisdiction, because it limits the scope of the district court's original jurisdiction. It is not clear when a court exercises original jurisdiction what issues will actually arise in the litigation. A federal question could appear in the course of virtually every lawsuit. Thus, to base original federal jurisdiction on merely potential federal questions would render illusory the Article III limitation that confines the power



of the federal judiciary to specifically enumerated classes of cases. Accordingly, federal jurisdiction is thought to be more appropriate where issues of federal law are likely to dominate. The well-pleaded complaint doctrine is based on the assumption that if the *plaintiff* relies on federal law in stating his claim, federal questions are more likely to dominate the litigation; thus, the doctrine helps preserve the balance of authority between state and federal courts. See generally Note, *Federal Preemption, Removal Jurisdiction, and the Well-Pleaded Complaint Rule*, 51 U. Chi. L. Rev. 634, 636-646 (1984).

We, however, are to consider the "well-pleaded" allegations *necessary* to the substance of the plaintiff's claim. These "necessary" allegations may or may not appear in the actual complaint. See *Franchise Tax Board*, 463 U.S. at 22-23, 103 S. Ct. at 2853; *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 70 S. Ct. 876 (1950). Thus, we are not bound by the omissions of the parties or the district court, and may recharacterize the claims appearing in that pleading. In addition to the language of the complaint, we may also consider arguments made outside the pleadings to determine the substance of the action.<sup>12</sup>

<sup>12</sup> At an earlier time, it was the rule that jurisdiction "must be disclosed upon the face of the complaint, unaided by the answer" or any other paper filed in the proceeding. *Gully v. First National Bank*, 299 U.S. 109, 113, 57 S. Ct. 96, 98 (1936). Thus, it was often said that the plaintiff, as the master of his complaint, could determine which court had jurisdiction over the action. See *The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25, 33 S. Ct. 410, 411 (1913). However, under the current state of the law, the rule that the actual language of the complaint is dispositive no longer applies. For example, as the Supreme Court noted in *Franchise Tax Board v. Construction Laborers Vacation Trust*, 463 U.S. 1, 22, 103 S. Ct. 2840, 2853 (1983), "[I]t is an independent corollary of the well-pleaded complaint rule that a plaintiff may not defeat [federal jurisdiction] by omitting to plead the necessary federal questions in a complaint." See also *Avco Corp. v. Aero Lodge No. 735*, 390 U.S. 557, 88 S. Ct. 1235 (1968). It is still true, however, that the necessary factual allegations are to appear in the complaint and "may not be gleaned from the briefs and arguments themselves." *Bender v. Williamsport Area School District*, \_\_\_ U.S. \_\_\_, \_\_\_, 106 S. Ct. 1326, 1334 (1986).

See *Williams v. Secretary*, 787 F.2d 552 (Fed. Cir. 1986); *Interpart Corp.*, 777 F.2d at 680-81; *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268, 273 (Fed. Cir. 1985); *Wronke v. Marsh*, 767 F.2d 354 (7th Cir. 1985); *Van Drasek v. Lehman*, 762 F.2d 1065 (D.C. Cir. 1985); *Maier v. Orr*, 754 F.2d 973, 980-82 (Fed. Cir. 1985); *Chemical Engineering Corp. v. Marlo, Inc.*, 754 F.2d 331, 333-34 (Fed. Cir. 1984). We may look to the position the plaintiff adopted in, for example, his motion for summary judgment. To otherwise limit the scope of our inquiry would encourage forum shopping, because a plaintiff could refer obliquely in his complaint to the patent claim he actually seeks to prosecute and then press it vigorously (and perhaps successfully) in a subsequent dispositive motion or at trial, yet isolate himself from review by the Federal Circuit. Cf. *Franchise Tax Board*, 463 U.S. at 22, 103 S. Ct. at 2853; *Marsh v. Austin-Fort Worth Coca-Cola Bottling Co.*, 744 F.2d 1077, 1079 n.4 (5th Cir. 1984).

It remains to apply these principles to the instant case. The complaint states that Christianson seeks recovery for violations of the federal antitrust laws, but, as the discussion above demonstrates, that recitation is not controlling. The pleading contains no reference to any jurisdictional statute, although the allegations indicate that there would be original subject-matter jurisdiction under at least 28 U.S.C. §§ 1331 (federal question) and 1332 (diversity). See *Caldwell v. Miller*, 790 F.2d 589, 595 (7th Cir. 1986) (complaint need not set forth statutory basis for subject-matter jurisdiction; allegations of jurisdictional facts alone are sufficient). The district court's order, which states only that there was original subject-matter jurisdiction under "28 U.S.C. § 1332 and 15 U.S.C. §§ 4, 15 and 26," provides little guidance. Christianson did not request in the complaint specific relief under the patent laws.<sup>13</sup>

<sup>13</sup> Christianson does include a prayer for attorney's fees, but this request is ambiguous, because both the patent and antitrust laws provide for such awards, see 15 U.S.C. § 15, 26; 35 U.S.C. § 285. In addition, the wording of the request for fees suggests that it

(Footnote continued on following page)



Under Holmes's "creation" test, the complaint filed in this action does not "arise under" the patent laws of the United States. In view of the inadequacy of the "creation" test as an exclusionary principle, however, this observation does not conclude the inquiry. As noted earlier, there are other tests to consider, and we find that the instant dispute falls within the second category of "arising under" cases described above, because Christianson's right to recovery, although ostensibly based on the antitrust laws, "would be defeated by one or sustained by an opposite construction" of the patent laws. *Beghin-Say International, Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 1570 (Fed. Cir. 1984); see also *Dubost*, 777 F.2d at 1564-65; *Ostow & Jacobs, Inc. v. Morgan-Jones, Inc.*, 189 F. Supp. 697 (S.D.N.Y. 1960). Stated in another manner, the plaintiff must establish that his interpretation of the patent laws is correct in order to prevail, as the following discussion will demonstrate.

Christianson alleges that Colt held a monopoly in the relevant weapon market as a result of its patent rights. However, if Colt had complied with the disclosure requirements of 35 U.S.C. § 112, "anyone 'who has ordinary skill in the rifle-making art' [would be] able to use the technology of such expired patents for which Colt earlier had a monopoly for 17 years." Complaint ¶ 18. Christianson maintained by implication in the complaint, and expressly in its summary-judgment papers, that the information needed to make the parts was not available, so that Colt must necessarily have withheld that information in violation of § 112. The crux of the plaintiff's case is that, by failing to make the necessary disclosures under § 112, Colt is extending its exclusionary rights beyond the 17-year life of the M16 patents, a result inconsistent with the objec-

<sup>13</sup> continued

refers to the antitrust provision. In any event, Christianson does not seek an express remedy under the patent laws; with no recovery specifically requested under the substantive provisions of Title 35, it is unlikely that the plaintiff would ask to obtain attorney's fees under the patent laws.

tives of the patent system. Christianson's allegations (especially those concerning the antitrust violations) are completely inconsistent with the position that Colt *complied* with § 112 and that it is now attempting to maintain as trade secrets information already in the public domain due to the disclosures in the relevant patent applications. We agree, therefore, with the district court's statement that the plaintiff's position was that Colt, due to its failure to make full disclosures of its claims of invention, could not assert its claims of trade secrecy against Christianson.

The silence of the complaint on certain issues is as telling as its declarations. For example, the abuse by the defendant of the patent and trade-secrets law was the only basis Christianson asserted in the complaint for the alleged antitrust violation, and the only ground asserted for invalidity of the trade secrets was the withholding of information in contravention of § 112. Thus, if Christianson's interpretation of that provision is incorrect, then Colt (1) has not improperly extended its patent monopoly by way of trade-secret law and (2) has simply engaged in a vigorous campaign to protect its allegedly proprietary information. After considering the substance of the complaint, then, we find that Christianson was necessarily seeking to vindicate a right or interest that would be defeated by one or sustained by the opposite construction of the patent laws. This case, then, "arose under" those laws, so that the district court's original jurisdiction was based in part on § 1338. The Federal Circuit, therefore, has exclusive jurisdiction over this appeal under § 1295.

Christianson's position that he only mentioned § 112 in his complaint in anticipation of a defense Colt would raise is disingenuous, to say the least. That the defendant might advance a different construction of a federal statute does not mean that the plaintiff's reference to the provision in the complaint was necessarily made to foreclose a defense. See *The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25, 33 S. Ct. 410, 411 (1913) ("[W]hen the plaintiff bases his cause of action upon an Act of Congress, jurisdiction cannot be defeated by a plea denying the merits of the claim."). The complaint may be sketchy, but

it leaves no doubt that Christianson was relying on that pleading (Count 1 of which was never amended) to obtain a determination that Colt's patent applications failed to comply with the disclosure requirements of § 112. The summary-judgment proceedings also confirm our initial interpretation of the complaint. Because his only theory for the invalidation of the trade secrets was Colt's failure to comply with § 112, Christianson's argument that he expected Colt to assert that its patents were valid cannot mean that he was anticipating a defense.<sup>14</sup> Thus, we find that Christianson's argument that patent validity was a "defense" only serves to confirm that he was relying on Colt's alleged noncompliance with § 112 as the basis for his own cause of action.

### III

For the reasons stated above, we find that this court does not have jurisdiction over this appeal and order that the case be transferred to the Federal Circuit pursuant to 28 U.S.C. § 1631.

A true Copy:

Teste:

-----  
*Clerk of the United States Court of  
 Appeals for the Seventh Circuit*

<sup>14</sup> If Christianson is saying that Colt fully complied with § 112, but, nonetheless, attempted to make a trade secret out of that which was in the public domain, then there is no reason for Colt to present the "defense" of patent validity, because both sides are then in agreement. In other words, the defendant's allegation of patent validity cannot be a defense to the plaintiff's allegation of patent validity.

## Appendix C

### United States Court of Appeals for the Federal Circuit

CHARLES R. CHRISTIANSON AND	)	
INTERNATIONAL TRADE	)	
SERVICES, INC.,	)	
Appelles,	)	Appeal No. 85-2644
v.	)	
	)	ON MOTION
COLT INDUSTRIES	)	
OPERATING CORP.,	)	
	)	
Appellant.	)	
Before MARKEY <i>Chief Judge</i> , BALDWIN, and BISSELL, <i>Circuit Judges</i> .		

### ORDER

The court has before it a motion by appellee Charles Christianson and International Trade Services, Inc. to transfer this appeal to the United States Court of Appeals for the Seventh Circuit.

Having reviewed the submissions of the parties, as well as the pleadings filed in the district court, this court can discern no basis for jurisdiction in the Court of Appeals for the Federal Circuit.

THEREFORE IT IS ORDERED:

PA-64

that this appeal is transferred to the Court of Appeals for the Seventh Circuit.

FOR THE COURT

12/4/85

Date

/s/ Jean Galloway Bissell  
Circuit Judge

PA-65

**United States Court of Appeals  
for the Federal Circuit**

CHARLES R. CHRISTIANSON & ) No. 85-2644  
INTERNATIONAL TRADE SERVICES, )  
INC., )  
A Massachusetts Corporation, )  
Appellee, )  
v. ) 83-4072  
COLT INDUSTRIES OPERATING CORP., ) 84-4056  
Appellant. )

**JUDGMENT**

ON APPEAL from the US District Court for the Central District of Illinois

This CAUSE having been heard and considered, it is

ORDERED AND ADJUDGED: TRANSFERRED to the Court of Appeals for the Seventh Circuit.

DATED December 4, 1985

ENTERED BY ORDER OF THE  
COURT

/s/ Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: January 24, 1986



**Appendix D**

**United States District Court  
Central District of Illinois**

CHARLES R. CHRISTIANSON AND	)	
INTERNATIONAL TRADE SERVICES,	)	
INC.,	)	
	)	
<i>Plaintiffs,</i>	)	
	)	
v.	)	Consolidated Civil
	)	Action
COLT INDUSTRIES OPERATING CORP.,	)	Nos. 84-4056 and
a Delaware corporation,	)	and 83-4072
	)	
<i>Defendant.</i>	)	

**FINAL JUDGMENT ON LIABILITY**

This case was before this court on the pleadings, including cross-motions for summary judgment. Plaintiffs, Charles R. Christianson and essentially his corporation, International Trade Services, Inc., filed a complaint against Colt Industries Operating Corp. (Colt Industries) for damages, injunctive and equitable relief, for injuries resulting from Colt Industries' violations of the antitrust laws (Count I) and amended it to include a count for intentional wrongful interference with business relations by Colt Industries and requesting actual and punitive damages (Count II). Colt Industries denied violations and asserted numerous counterclaims and affirmative defenses. Plaintiffs denied Colt Industries' counterclaims and asserted affirmative defenses. Patent infringement is not an issue in this case. This court has jurisdiction over the subject matter of this action and the parties before it under 28 U.S.C.

§1332 and 15 U.S.C. §§4, 15 and 26. Venue in this district is proper under 28 U.S.C. §1391(b) and (c) and 15 U.S.C. §15.

Based on the motion papers and accompanying briefs and the representations of counsel at a hearing, all matters alleged in plaintiffs' complaint and those matters in defendant's counterclaims raised in the motion papers were considered by the court to be placed before it for ruling, and therefore the court has considered and has duly ruled upon the same as a matter of summary judgment upon undisputed material facts.

This court's decision is based upon the pleadings, the depositions, answers to interrogatories and admissions on file, together with the affidavits and other evidence presented, the briefs, arguments, and this court's interrogation of counsel at a hearing. Among the material considered was live testimony before this court in *Colt Industries v. Springfield Armory, Inc., et al.*, Civil Docket No. 83-4072, with which this cause was heretofore consolidated. That testimony was identified by the transcript portions provided as exhibits to the instant motion.

This court has determined that summary judgment is appropriate as indicated in this court's Memorandum Decision and Order entered on May 24, 1985, which Memorandum is incorporated herein.

IT IS THEREFORE ORDERED AND ADJUDGED that:

1. There having been injury to plaintiffs' business and property, a trial shall be held, as subsequently scheduled by this court, to determine the amount and types of damages to which plaintiffs may be entitled, and such other matters as may remain to be resolved by trial.

2. A hearing shall be held after such trial to determine the amount of attorneys' fees and interest and costs to which plaintiffs may be entitled.

3. The disclosures made in Colt's M-16 patents are insufficient to satisfy either the enablement or best mode requirements of 35 U.S.C. §112. Accordingly, the following patents were invalid from their inception:

3,236,155; 3,292,492; 3,301,133; 3,336,011; 3,440,751; 3,453,762; 3,619,929; 3,771,415; 3,977,296.

4. In view of Colt Industries' wrongful retention as its trade secrets of information that it should have disclosed, under 35 U.S.C. §112, 1st paragraph, in its M-16 patents, so that others could have made and used the M-16 inventions for use with the M-16 (all references herein to M-16 are intended to include its various versions such as the M-16A1 and the M-16A2, where the context permits), such information is hereby declared void and unenforceable as trade secrets. Colt Industries' monopolization of the M-16 market and sub-markets and agreements in restraint of trade in connection with its suppliers and distributors require injunctive relief for an adequate remedy.

5. Though some of the M-16 trade secrets did not directly have to be disclosed in the patents for various reasons of timing and subject matter, in order to best place the public in a position it would have been in but for the wrongful acts of Colt Industries, and provide for proper competition, it is hereby declared that all trade secrets in technical information relating to the M-16, which came into existence prior to the entry of this order, are hereby declared void and unenforceable.

6. To the extent that any of the counterclaims in the action remain unresolved, and in accordance with Rule 56(d) of the Federal Rules of Civil Procedure, it is determined that the invalidity and unenforceability of any and all of Colt Industries' trade secrets in technical information relating to the M-16 which were in existence prior to the entry of this order, is taken as conclusively established with respect to all subsequent proceedings in this case.

7. Colt Industries, its officers, agents, servants, employees, attorneys, and those entities in active concert or participation with them (who receive actual notice of the order by personal service or otherwise) are hereby enjoined from asserting or seeking to enforce, in any manner which would impede or interfere with plaintiffs in their businesses or

employment, any form of trade secret right in any technical information relating to the M-16 wherein such information was in existence prior to the entry of this order.

8. Colt Industries is directed to preserve until June 1, 1989, such technical information relating to the manufacture of the M-16 which was in existence prior to the entry of this order, and to provide it to either plaintiff upon request within 30 days of such request. Colt Industries may charge a reasonable and customary fee for copying charges for handling of any such request.

9. On documents or drawings which Colt Industries hereafter distributes bearing technical information in existence prior to the date of this order and relating to the M-16, Colt Industries shall insure that no proprietary stickers and/or Colt Industries' confidentiality designations shall be used in connection with potential customers or suppliers of plaintiffs in a fashion which would indicate that any such technical information could be protectible as a trade secret.

10. Colt Industries shall serve a copy of this Order upon all potential customers or suppliers of plaintiffs which Colt Industries has within the past four years:

- a. licensed M-16 trade secrets,
- b. threatened enforcement of M-16 trade secrets, or
- c. sent letters claiming rights in M-16 trade secrets for the past four years.

11. Colt Industries' Fifth and Sixth counterclaims are hereby dismissed with prejudice. Pursuant to Rule 54(b), this court determines there is no just reason for delay and directs the entry of final judgment in favor of Christianson and ITS and against Colt Industries on said claims, and judgment is hereby entered accordingly.

12. Final judgment is hereby entered as to plaintiffs' claims for liability on Counts I and II of plaintiffs' complaint in favor of plaintiffs against defendant.

13. The court is of the opinion that this judgment involves a controlling question of law as to which there is substantial ground for difference of opinion, and that an immediate appeal from this entire judgment may materially advance the ultimate termination of the litigation.

/s/ Robert D. Morgan  
United States District Judge

Entered: July 19, 1985



**Appendix E**

**United States District Court  
Central District of Illinois**

---

CHARLES R. CHRISTIANSON, AND	)	
INTERNATIONAL TRADE SERVICES,	)	
INC.,	)	
	)	
<i>Plaintiffs,</i>	)	
	)	
v.	)	No. 84-4056
	)	
COLT INDUSTRIES OPERATING CORP.,	)	
	)	
<i>Defendant.</i>	)	

**MEMORANDUM DECISION AND ORDER**

Plaintiffs, Charles R. Christianson and essentially his corporation, filed this complaint against Colt for damages, injunctive and equitable relief, under §§4 and 16 of the Clayton act (15 U.S.C. §§15 and 26), upon their allegations that Colt has violated Sections 1 and 2 of the Sherman Act (15 U.S.C. §§1 and 2). Colt has answered denying violation and asserting numerous affirmative defenses and counterclaims. Venue exists in this district under 15 U.S.C. §15 and 28 U.S.C. §1391(b) and (c).

The complaint is grounded on allegations that Colt achieved and now attempts to maintain an unlawful monopoly on the manufacture and sale of parts for the M-16 standard military rifle. In the 1950's Colt obtained a patent for a gas-operated, automatic rifle which was adopted in 1964 by the United States as its standard military firearm. The Government designated it as the M-16. In ensuing years, Colt obtained several other patents on improvements of parts for that weapon. With a few

exceptions, not critical to this decision, all such patents have now expired. Over the years, Colt entered into a licensing agreement with the Government for Government production of the M-16 for its use and for sale to foreign governments under the patents and drawings and technical data supplied by Colt. It also entered into agreements with the government of the Philippines, and with certain other foreign governments, authorizing the manufacture of the rifles to arm each such nation's military forces. It further entered into contracts with various suppliers in the United States for the manufacture and sale of component parts for the rifle. Those licenses restricted the sale of such parts to Colt and the United States Government only. With each such agreement, defendant supplied drawings and technical data for use by the various licensees. All agreements contained restrictive clauses which prohibited the sale of parts to all except the authorized clients, and which prohibited the disclosure of defendant's drawings and technical data to anyone not specifically authorized by the agreement to see them. As to domestic licenses, the proscription excluded only defendant and the Government. The proscription in the foreign licenses limited sale to each nation's own military force and disclosure only to appropriate government officials. The complaint alleges that Colt has employed those restrictive clauses in an attempt to deny to any others the right to manufacture such rifles and parts notwithstanding the fact that Colt's patents have been expired for several years. It is alleged that Colt attempts, by such practices, to foster and maintain its monopoly position in the manufacture and merchandising of the products as if its patents still remained in force.

In 1983, Colt filed in this court a suit against Springfield Armory, Inc., and others, under docket no. 83-4072, to enjoin the performance of a contract of those named defendants for the sale of M-16-type rifles to a Central American government. A preliminary injunction was issued following a hearing. These plaintiffs were ultimately joined, and that decision was affirmed by the Court of Appeals for the Federal Circuit. Further discussion of the latter decision appears in a later

context. The ground for complaint in that case was that Colt would be irreparably damaged by the unauthorized use of Colt's drawings and proprietary information which Colt claimed were trade secrets and its exclusive property. That case has heretofore been settled by the parties and closed.

Plaintiffs filed the pending complaint against Colt in 1984. The cause was scheduled for trial late in that year. That schedule was cancelled on the representation by the parties that cross motions for summary judgment would be filed. Those motions are now before the court for decision.

The thrust of plaintiffs' motion is the position that Colt cannot assert its claims of trade secrecy against plaintiffs because it had, in its now-expired patents, failed to make the full disclosures of its claims of invention as required by 35 U.S.C. §112.

Plaintiff Christianson has been marketing M-16 components for approximately eight years. Initially, Colt acquiesced to his use of drawings obtained from a Colt foreign licensee. It also appears that during that period other suppliers advertised for the sale of M-16 parts, as well as some M-16 drawings. It further appears that significant M-16 manufacturing not authorized by Colt licenses was conducted by Colt's foreign licensees and domestic suppliers, all without serious objection from Colt. Plaintiffs argue, not implausibly, that Colt was not concerned with such activities so long as its U.S. position was protected by its basic patents. Plaintiffs assert that Colt resorted to legal action to try to restore its monopoly position only after its basic patents had expired.

A critical factor here clearly is the unique character of the product involved. A key criterion of a military weapon is that there be complete interchangeability of parts between all weapons of the same general kind which have ever been produced for use by a military force. Critical to that requirement is the ability to scavenge weapons from a battlefield for parts replacement in all other like weapons. That critical factor was emphasized by Colt before this court in the hearing for a preliminary injunction in the *Springfield* case. Colt took the

position that the M-16 had an absolutely essential feature of parts interchangeability which was critical to the use of the rifle on the battlefield, and that that feature could be satisfied only by the use of Colt's drawings and trade secrets. It asserted that the M-16 was not reverse engineerable. In that context plaintiffs assert:

"Thus [Colt] avoided *Syntex Ophthalmics, Inc. v. Novicky*, 591 F.Supp. 28, 221 U.S.P.Q. 860 (N.D.Ill.1983), *aff'd* 28 Pat. Trademark and Copyright J. (BNA) 717 (Fed. Cir. 1984), and cases before it, which stand for the proposition that if a product is reverse engineerable, injunctive relief against theft of trade secrets is limited in time. Thus, to extend its exclusive position well beyond the expiration of its patents, Colt had to argue that the M-16 was not reverse engineerable."

To a degree, as plaintiffs argue, Section 112 places Colt on the horns of a dilemma. To sustain its claim for an injunction in case 83-4072, Colt had to take the position that interchangeability of parts was a must, and that such interchangeability could be fully obtained only by the use of Colt's drawings and other claimed trade secrets. In that context, a Colt expert testified that it would be possible from the base patents for a person skilled in the art to make a rifle similar to that claimed by the patent and by use of reverse engineering of a Colt firearm, but that would be a "massive" task. In the context of these motions, that same expert has executed an affidavit which asserts that the making of an M-16, using the patents by a person skilled in the art, would not entail undue experimentation.

A review of *Colt Industries Operating Corp. v. Springfield Armory, Inc., et al.*, (Fed. Cir., April 19, 1984, unpublished), in which this court's issuance of a preliminary injunction was affirmed, seems appropriate in this context. The single issue before that court was the appropriateness of the preliminary injunction upon the record made in that hearing. It did affirm the judgment of this court. Pertinent to these motions now, the there court said:

"Although Springfield's 35 USC 112 arguments, particularly related to best mode, have an appearance of validity (See *White Consolidated Industries, Inc. v. Vega Servo-Control, Inc.*, 713 F.2d 788, \* \* \* (Fed. Cir. 1983), the evidence of record is totally lacking in specifics. \* \* \*"

Although obviously that statement cannot be read as a pre-determination by the Federal Circuit of the issues now before this court, it can and should be accepted as the statement of a recognition by that court that possibly serious issues of Colt's compliance with Section 112 could exist, subject to substantiation by adequate evidence. To that extent, and to that extent only, that statement does have a bearing on the issues now before this court.

The crux of the issues presented by these motions is the language of 35 U.S.C. §112, which provides that a patent to be valid must:

"\* \* \* contain a written description of the invention, and of the manner and process of making it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention."

*In re Gay*, 309 F.2d 769 (CCPA 1962), said that Section 112 imposed both an enabling requirement and a best mode requirement to sustain the validity of a patent. The court there said that the enabling requirement was designed to ensure that the printed patent disclose an invention in sufficient detail to enable persons skilled in the art to make and utilize the invention, and that the best mode requirement was designed to preclude inventors from applying for patents while at the same time concealing from the public the preferred embodiment of the inventive concept. The "enablement" requirement of the statute is satisfied if a person of ordinary skill in the art is able to make and use, without undue experimentation, a functioning version of the invention from the disclosures of the patent coupled with information which is already publicly known. *White Consolidated Industries, Inc., v. Vega Servo-Control, Inc.*, 713 F.2d 788 (Fed. Cir. 1983). \*



Thus Section 112 provides the quid pro quo for the grant of a patent monopoly under the Act. The Patent Act was designed to foster and enhance the development and disclosure of new ideas and the technical advancement of knowledge. Upon a determination that a patent claim does contain the elements of inventive novelty, the claimant becomes entitled to a monopoly on the right to practice and exploit the patented invention for a substantial but limited period of time. At the same time, the issued patent becomes a part of the public domain, subject only to the patentee's exclusive right to exploit the patented invention as defined by him during the limited monopoly period. Others are free during the period of that monopoly to devise improvements upon the patented concept, without redress to the patentee, so long as those improvements do advance the state of the art and public knowledge. Yet the patentee can assert his monopoly rights against those who adopt only superficial modifications which fall short of a true advancement of the art. In exchange for his limited monopoly position, the patentee must disclose in his patent sufficient information to enable others skilled in the art to employ and profit from the invention after the period of limited monopoly has expired. Section 112 simply delineates the scope of the disclosures which are necessary to accomplish and protect those public purposes by requiring that the patent applicant fully describe the subject matter as to which he is asserting a claim to a statutory right to a monopoly.

### CONCLUSION

It is necessary here to conclude, from the voluminous exhibits, pertinent patents, affidavits, depositions and other materials submitted to the court, and in keeping with the patent concept, that plaintiffs are entitled to judgment in their favor. The disclosures made by Colt in obtaining its patents satisfied neither the enablement nor best mode requirements of 35 U.S.C. §112.

### DISCUSSION

The enablement requirement is fulfilled if a person of ordinary skill in the art is able, without undue experimentation, to make and use some mode of the invention from the disclosures of the patent and from what was previously publicly known. *White, supra; Engelhard Industries, Inc. v. Sel-Rex Corp.*, 253 F.Supp. 832 (D.N.J.1966), *aff'd* 384 F.2d 877 (3d Cir.1967). *Engelhard* points up the distinction between enablement and best mode by its holding that the enabling requirement was satisfied, but that there had been a failure to disclose the best mode for carrying out the invention.

To a large degree, Colt, in opposition to the plaintiffs' motion, has attempted to create a question of fact from conflicting sworn statements of its own expert witnesses. It employed a Seth Bredbury who now states in his affidavit as to the bolt assist patent (No. 3,236,155) that a person of ordinary skill in the firearms art could design and produce a gas-operated firearm of the type shown, incorporating the invention defined in the patent, without undue experimentation. Yet, Mr. Bredbury, in his prior testimony based upon his review of the Colt patents, stated that a person skilled in the art could design a rifle very much like the M-16, which could perhaps function as well, but that that would be a massive undertaking. While he did not define the word "massive," it must be recognized that that term means unusually large, or, as defined in Webster's New Collegiate Dictionary, "large in comparison to what is typical." The use of the word "massive" must imply the use of undue experimentation before any practical result could be achieved.

Harold Waterman, the head of Colt's firearm product engineering, testified, in reviewing the same bolt assist patent, that "you could not" make a weapon by the use of that patent. "You could get an idea of the mechanism, and that would just about be it." The question presumed a person skilled in the field of manufacturing firearms who had available all tools and equipment for firearms manufacture, but not including any gauges in which Colt claims a proprietary interest as trade secrets.

Mr. Bredbury's current statement that no "undue experimentation" would be required is not substantiated by any statement of fact. There is no evidence that any weapon other than the Colt weapons could or do use any of the inventions. It seems both reasonable and unavoidable to presume that those skilled in the art would have devised a weapon to compete with the Colt product in the 20 years elapsed since the M-16 became the adopted weapon of the United States military, if a comparable weapon could be made without undue experimentation and without access to Colt drawings and technical information. The bare statement of the conclusion that it could, without any factual substantiation, cannot create an issue of fact. The question of enablement has been held to be a question of law. *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, (Fed. Cir. 1983). An issue of fact is not created by the statement of an unsubstantiated legal conclusion. *E.g.*, *Application of Brandstadter*, 484 F.2d 1395 (CCPA 1973).

Consideration of the best mode requirement of §112 should begin with the distinction between the two requirements of the statute. The enablement requirement is designed to allow the public to practice the invention in a generalized fashion. The concern of the best mode requirement is the prevention of abuse of the patent monopoly by its extension beyond the limited period which the statute permits. *In re Gay, supra*, failure of disclosure of the best mode for practicing the invention could have that effect when the patentee fails to disclose essential information. Upon expiration of the limited patent monopoly, the public is entitled to practice the invention without restriction, including the right to produce and market the patentee's commercial product without modification. The patent statute contemplates that, in exchange for the grant of a limited monopoly, the patentee will make a full disclosure of the patented idea to such extent that it may be fully utilized by those skilled in the art once the patent monopoly has expired. Whether or not the best mode contemplated by the inventor for carrying out his invention was disclosed, is a question of fact. *McGill Incorporated v. John Zink Company*, 221 U.S.P.Q. 944, 951 (Fed. Cir. 1984).

The disclosures required by §112 can impose a burdensome task on both the patent applicant and the patent examiner, but that does not excuse, as Colt tends to argue, the necessity for disclosure of whatever information is required to satisfy the statutory command. A party is free to disclose whatever it wishes and in any suitable manner, provided that the disclosures made are sufficient to satisfy the statutory requirement. *Weil v. Freitz, Evans and Cooke*, 202 U.S.P.Q. 447, 450 (CCPA 1979). The courts must be vigilant, in consideration of §112 issues, against the, perhaps natural, desire of patentees to disclose as little as possible. *Flick-Reedy Corp. v. Hydro-Line Mfg. Co.*, 351 F.2d 546, 550-51 (7th Cir. 1965), *cert. denied*, 383 U.S. 958. Satisfaction of §112 may require voluminous disclosures as demonstrated in *Honeywell, Inc. v. Sperry Rand Corp.*, 180 U.S.P.Q. 673 (D.Minn.1973), in which a computer patent contained 91 sheets of drawings and 232 columns of printed text.

There is no objective standard by which to judge the adequacy of a best mode disclosure. *Application of Sherwood*, 613 F.2d 809 (CCPA 1980), *cert. denied*, 450 U.S. 994. The scope and magnitude of what must be disclosed is also influenced by the character of the particular art involved. The disclosures required in a patent related to an internal combustion engine, for example, are limited by the fact that such would deal with a standardized product which is well known to practitioners in the art. By contrast, there is no standardization of military weaponry since each weapon is unique unto itself. Though weapons are characterized by certain conventional details which are well known to those in the weapons art, there is much which is unique to every particular weapon. Bearing that distinction in mind, it is plaintiffs' position that it was incumbent on Colt to fully disclose the interchangeability specifications for the M-16 and its component parts to satisfy the best mode requirement of §112.

Of the many reported cases, the following are deemed to articulate the application of the best mode requirement. In the absence of countervailing evidence, the best mode for carrying



out the claimed invention can be presumed to be the existing commercial embodiment. *Union Carbide Corp. v. Borg-Warner Corp.*, 550 F.2d 355 (6th Cir. 1977).

In *Phillips Petroleum Co. v. Richardson Carbon Co.*, 293 F.Supp. 555 (W.D. Tex. 1968), the best mode of practicing the claimed invention was embodied in Phillips' commercial product which could not be produced from information disclosed in its patent. That finding was fortified by the existence of licensing agreements negotiated by Phillips, which required the licensees to keep the process for manufacturing its commercial product a closely guarded secret. To that degree, the factual background of Phillips closely parallels what the evidence in this cause reveals.

A patent which only mentioned a critical material by commingling it with other materials failed, by that commingling, to disclose the best mode for practicing the invention. *Dale Electronics, Inc. v. R.C.L. Electronics, Inc.*, 488 F.2d 382 (1st Cir. 1973).

There is a failure of the best mode requirement if information which is essential to production of the product is not disclosed. *Flick-Reedy Corp. v. Hydro-Line Mfg. Co.*, 351 F.2d 546, 550-51 (7th Cir. 1965), *cert. denied*, 383 U.S. 958 (1966).

There was a failure to disclose the best mode when, even though, as the patentee argued, other programs were available, it had retained as a trade secret that which it employed in its commercial product. *White Consolidated Industries, Inc. v. Vega Servo-Control, Inc.*, 214 U.S.P.Q. (S.D. Mich. 1982), *aff'd* 713 F.2d 788 (Fed. Cir. 1983).

The disclosure of the second best embodiment, where the patentee had a better embodiment, failed to disclose the best mode. *Engelhard Industries, Inc. v. Sel-Rex Corp.*, 253 F.Supp. 832 (D.N.J. 1966), *aff'd* 384 F.2d 877 (3d Cir. 1967).

The cases principally relied on by Colt arose when §112 was pleaded as a defense to a suit for patent infringement by defendants who had copied and were competing in the sale of the patented product. The argument in *In re Gay, supra*, was

that there was no best mode disclosure because the patent failed to specify the number, size and placement of perforations in a rice cooker. The court said that, despite that omission, any person skilled in the art would know that a number of perforations were necessary, and that the patented product could be produced by following the patent without undue experimentation, or perhaps with no experimentation. The court in *In re Strahilevitz*, 668 F.2d 1229 (CCPA 1982), found that the undisclosed information was already known in the prior art. The accused infringer in *Trio Process Corp. v. L. Goldstein's Sons, Inc.*, 461 F.2d 66 (3d Cir. 1972), *cert. denied*, 409 U.S. 997, had employed a metal worker to copy the patentee's patented product.

The court in *Standard Oil Co. v. Montedison S.p.A.*, 494 F.Supp. 370 (D. Del. 1980), *aff'd* 664 F.2d 356 (3d Cir. 1981), *cert. denied*, 456 U.S. 915, said that the best mode requirement is satisfied if the specification is sufficient to guide one skilled in the art to its successful application. The accused infringer argued in *International Telephone and Telegraph Corp. v. Raychem Corp.*, 538 F.2d 453 (1st Cir. 1976), *cert. denied*, 429 U.S. 886, that the best mode for production of an improved type of wire designed for use in the F-111 military fighter plane was not disclosed because the patentee had failed to disclose a secret compound employed in production of the patented wire.

Apparently accepting the findings of the trial court in *International Telephone and Telegraph Corp. v. Raychem Corp.*, 188 U.S.P.Q. (D. Mass. 1975), that the accused infringer had obtained a sample of the patentee's wire through which, after an analysis of its structure, it had been able to produce the patented product with "no difficulty," the court held that §112 disclosures were sufficient. *Illinois Tool Works, Inc. v. Solo Cup Co.*, 179 U.S.P.Q. 322 (N.D. Ill. 1973), presents a situation comparable to that in *Raychem*. Similarly, the court in *Atlas Powder Co. v. E.I. Du Pont de Nemours & Co.*, 588 F.Supp. 1455, (N.D. Tex. 1983), said that the ease with which the infringer had formulated the patented product was an indication that the patent disclosures were sufficient.



None of those cases derogates at all from the determinative inquiries of, what did the inventor know? what did he consider the preferred embodiment for using his invention? and did he withhold information known to him which would enable the public to reap the full benefits of competition upon the expiration of the patent?

The preferred embodiment of the invention in each of Colt's patents was the improvement of the M-16 military weapon, with the essential requirement that each of the parts modifications be fully interchangeable with the corresponding part in every M-16 ever produced. Plaintiffs assert the position that the mandate of §112 could be satisfied only by the disclosure of the critical interchangeability specifications. This court has expressly recognized the criticality of interchangeability in its preliminary injunction issued in the *Springfield* case, when it said:

"3. The evidence is clear and convincing that the use of the designation 'M-16' in Springfield's contract with the government of El Salvadore amounts to a representation that the Springfield XM-15 rifle is in all respects the equivalent and fully interchangeable with the U.S. Army M-16, with full parts interchangeability, when none of such is now shown by the evidence to be the case in any important respect."

There appears a sharp contrast between Colt's position, taken in pursuit of the *Springfield* preliminary injunction, that complete interchangeability was the one factor of extreme importance, and that failure of full interchangeability could be fatal to the combat infantryman, and its present position that parts interchangeability is a common feature of all mass produced products. Of Colt's present position, plaintiffs observe that, "What Colt Industries assiduously avoids is the fact that interchangeability is not a means for maintaining a monopoly in those other industries as it is for the standard U.S. military rifles." Colt's present position ignores the fact that the firearms industry is not standardized, as, for example, the automobile industry. Mr. Waterman recognized that distinction when he testified:

"I think one of the things that has happened over a period of time in the firearms business is you normally try and utilize, if possible, standard parts, and almost 100 percent of the time it's not possible."

Thus Colt's present position that M-16 parts can be produced without undue experimentation is rejected by statements by its own experts in *Springfield* and in the posture of the present case. M-16 parts might be produced through reverse engineering, but, if so, that would entail a massive undertaking. Use of reverse engineering is also hindered by provisions in Colt's contracts with the Government, that no scrap parts be sold to unauthorized persons unless such parts are damaged and unrepairable.

The situation in *Wilden Pump & Engineering v. Pressed & Welded Products*, 199 U.S.P.Q. (N.D.Cal.1978), *aff'd* 213 U.S.P.Q. 282 (9th Cir. 1981), is interesting. The patent involved had omitted disclosure of dimensions and tolerances for an activator valve employed in the patentee's pump. The court rejected a §112 defense upon its findings that the accused infringers had been able to mass produce that valve by using ordinary engineering practices to supply that information and permit the mass production of the part. That accused infringer had no substantial difficulty in duplicating the patented item by reverse engineering. That same consideration is doubtless present in almost all situations which deal with standardized products. Standardization tends to produce a field of prior knowledge essential to permit the copying of the patentee's commercial product with little effort by the application of reverse engineering. The totality of the undisputed evidence indicates that that is not true in the art of military weaponry. As plaintiffs argue, this is a unique situation which must be resolved independently by this court, guided, however, by the precedent of decided and controlling decisions.

Plaintiffs' statement is deemed to fully and clearly present the issue of "best mode" involved here, and the conclusion. Framed in their language, it is:

To consider the issue [of best mode] in proper perspective, we must look to the facts to clearly sort out the unique fact situation we have here:

1. First, we have here the uncommon situation where the critical dimensions and tolerances cannot be reverse engineered;

2. Second, we also have here the uncommon situation where interchangeability is an absolutely essential requirement of the customers, amounting to a situation of life and death on occasion;

3. Third, we have the uncommon situation that this absolutely essential requirement must be maintained for production extending of (sic) a period of very many years;

4. Fourth, we also have here the situation where the dimension and tolerances necessary for interchangeability were known by the inventor to be important at the time of filing the patent applications; and

5. Fifth, we have the situation where the patent applications are on an improved component which is interchangeable with and serves as a replacement for a corresponding component of a much larger standard U.S. product, which even more uniquely has the U.S. standards privately and secretly owned by the patent applicant.

Applying the above facts under the standard of Section 112 must [lead to] the conclusion that at least the crucial interchangeability specifications should have been in the patent.

There can be no question that the preferred embodiment of each of the patents is the incorporation of the patented structure into the standard M-16 military rifle. That is the only mode for practicing the invention since it seems clear that the parts could not be employed in any other existing weapon. That finding and conclusion merely fortifies the uniqueness of this situation, which was previously noted. As also previously noted, a Colt expert said that the arms manufacturer seeks a standardized embodiment for general use which is unattainable almost 100 percent of the time.

Plaintiffs' careful analysis of Colt's receiver and bolt assist patent (No. 3,236,155), trigger mechanism patent (No. 3,292,492), and magazine patent (No. 3,619,929) is seen to apply to all of the patents in issue. Each describes the claimed invention in a generalized way, without disclosing the critical details of construction and, most importantly, the elements of structural detail and tolerances required to achieve the paramount requirement of full interchangeability of parts among all M-16 weapons produced over more than 20 years. That information was essential if the patent disclosures were to satisfy the §112 requirement that the best mode for practicing the invention be disclosed. There can be no doubt that all of this critical information was known to Colt's patent applicants when the patent applications were processed.

A consistent pattern emerges when the several patents are compared. In each, Colt failed to disclose that information which was essential to disclosure of the best mode then known to the patentee for practicing the claimed invention. Colt obviously sought to insulate its position by the provisions in its licensing agreements which were designed to forestall disclosure of such concealed information which Colt claimed as its proprietary property under the laws related to trade secrecy. To that end, it has transmitted threatening correspondence to some of its licensees to further insulate that information from disclosure to other persons. It seems obvious that such actions were designed to perpetuate Colt's monopoly on the production of the M-16 rifle and its component replacement parts. The picture which emerges is that Colt reaped the benefits of its limited monopoly under the patents and seeks to extend it by means of planned subterfuge and a near total failure of compliance with the requirements imposed by §112.

Plaintiffs rely on both equity and the doctrine of federal supremacy as supporting their position that the claimed trade secrets are invalid and unsupportable. Colt's response to that argument is its assertion, in effect, that if there was non-compliance with §112, the only available remedy is the invalidation of its patents, most of which have already expired. Its



corollary argument is that its misuse of the patent laws cannot affect its proprietary interest in its claimed trade secrets under state law. That argument is unsound.

Under the doctrine of federal supremacy, the patent laws do preempt application of state trade secrecy laws whenever enforcement of the state law would conflict with the accomplishment and execution of the full purpose and objectives of the patent laws as enacted by Congress. *Hines v. Davidowitz*, 312 U.S. 52, 67, (1941). The patent laws enacted under the Constitution are the supreme law of the land which cannot be set at naught and the benefits thereof denied by the application of state law. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 229, (1964). A state may not apply its own laws in such a way as would extend the monopoly of an expired or invalid patent or afford any protection which is inconsistent with the objectives of the federal patent laws. *Ibid.* at 231. The nature and extent of the legal consequences of the expiration or invalidation of a patent are federal questions which must be answered by the application of the patent laws and the policy which they adopt. *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 255-256, (1945). "Hence any attempted reservation or continuation in the patentee \* \* \* of the patent monopoly, after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent law."

Both *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979), and *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), upon which Colt relies, are inapposite. In *Aronson*, no patent had been issued although a patent application had been filed, while in *Kewanee* there had been no application for a patent. Thus, the court was not dealing with any potential conflict between the patent laws and the state laws of trade secrecy.<sup>1</sup>

<sup>1</sup> In this context, plaintiffs assert that the opinion in *Colt Industries v. Springfield Armory*, *supra*, should be accepted as the law of the case, citing *Gindes v. United States*, 740 F.2d 947 (Fed. Cir. 1984). The reference is to language in that opinion that courts generally refuse to reopen what has already been decided. See *Messenger v. Anderson*, 225 U.S. 436, 444 (1912). Previous discussion of *Springfield* herein delimits this court's interpretation of that opinion, which clearly indicated that it will not be presumed that the Federal Circuit did decide an issue which was not before it. Plaintiffs' reliance on the doctrine of the law of the case is this misplaced.

As stated above, the court finds that the disclosures made in Colt's several M-16 parts patents are insufficient to satisfy either the enablement or best mode requirements of §112. It follows that each of those patents was invalid from its inception and that any claim of trade secrecy as to the nondisclosed information is likewise invalid.

## REMEDY

The remaining issues devolve into a determination as to the appropriate remedy. Plaintiffs assert that Colt should be required to disgorge its claimed trade secrets. Its argument is not limited to those items which were required to be disclosed. It also argues that Colt should disgorge all material which it claims as its trade secrets, because of its misuse of the patent system and because of its unjust enrichment by use of the invalid patents for which it had wholly failed to provide the consideration which the patent laws require. Reiterating, that consideration is full and complete disclosure which would enable the public to freely practice the invention once a patent has expired.

That position is supported by *Dow Chemical Co. v. American Bromine Co.*, 210 Mich. 262, 177 N.W. 996 (1920), which held that a patentee cannot, in equity, claim trade secrecy for conventional information which could readily have been discovered had the required disclosures been made in its patent. The trade secrecy laws cannot be invoked to protect production specifications which could have been reverse engineered had the critical interchangeability specifications been properly disclosed. See *Rototron Corp. v. Lake Shore Burial Vault Co., Inc.*, 712 F.2d 1214 (7th Cir. 1983); *ILG Industries, Inc. v. Scott*, 49 Ill.2d 88, 273 N.E.2d 393 (1971). Moreover, the period for the enforcement of the claimed trade secrets, which could have been discovered by reverse engineering, would doubtless have ended years ago had the essential specifications been disclosed. See *Syntex Ophthalmics, Inc. v. Novicky*, 591 F.Supp. 28 (N.D. Ill. 1983), *aff'd* 28 Patent, Trademark & Copyright J. (BNA) 717 (Fed. Cir. 1984).



The clean hands doctrine also bears upon this phase of the case. As stated by the Court in *Precision Instrument Manufacturing Co. v. Automotive Machinery Co.*, 324 U.S. 806, 814, 815 (1945):

"Thus while equity does not demand that its suitors shall have led blameless lives, as to other matters, it does require that they shall have acted fairly and without fraud or deceit as to the controversy in issue."

Colt must bear the consequences of its flagrant abuse of the patent laws.

Colt's assertion that Christianson is guilty of having induced the breach of its licensing agreements, both as a defense to plaintiffs' motion and as the basis for its counterclaims, is not sustained. Although Christianson is a former Colt employee, it is not alleged that he has been guilty of corporate espionage, theft, bribery, or deception in his obtaining the Colt specifications which he has used. They were supplied to him by the governments of the Philippines and Singapore.

Moreover, the license agreements themselves are tainted by Colt's misuse and evasion of the patent laws. As plaintiffs suggest, had the required disclosures been made in the patents, the supplementary information would probably have been discovered by others long before the now-elapsed time of about twenty years. Secrecy would thus have evaporated with the issuance of the patents. *Forest Laboratories v. Pillsbury Co.*, 452 F.2d 621, 624 (7th Cir. 1971). Colt's failure to make the required disclosures not only invalidates its patents but also its present claims of trade secrecy. The licensing agreements themselves can stand in no better stead without undermining the purposes of the patent laws.

The cases cited by Colt are deemed inapposite. *E.g.*, *American Can Co. v. Mansukhani*, 728 F.2d 818 (7th Cir. 1984); *Syntex Ophthalmics, Inc. v. Tsuetaki*, 701 F.2d 677 (7th Cir. 1983); *E.I.M. Co. v. Philadelphia Gear Works, Inc.*, 102 F.Supp. 14 (S.D. Tex. 1951), *aff'd* 205 F.2d 28 (5th Cir. 1953). None of those cases involved a situation such as this in which

the claimed trade secrecy information had been withheld from disclosure by the patentee in violation of §112.

Little need be said about Colt's cross-motion for summary judgment. As the court said in *First National Bank v. Insurance Company of North America*, 606 F.2d 760, 766 (7th Cir. 1979), the moving party must present admissible evidence showing its entitlement to judgment, not just contentions, assertions of counsel, or hearsay. It cannot be found that Colt has met that burden.

Plaintiffs' motion for summary judgment must be allowed as to liability on Counts I and II, and Colt's cross-motion for summary judgment must be denied.

IT IS ORDERED, therefore, that plaintiffs' motion for summary judgment is ALLOWED as to liability on Counts I and II of the Complaint, and defendant's motion for summary judgment is DENIED.

IT IS FURTHER ORDERED that plaintiffs shall submit to the court and serve on defendant, within 30 days hereafter, its proposed final judgment order on liability, which shall be consistent with this opinion, on which the defendant shall file and serve any comments as to form within 10 days after service.

/s/ Robert D. Morgan  
United States District Judge

Entered: May 24, 1985

## Appendix F

April 10, 1984

Mr. Bruce Lambert  
Lone Star Ordnance  
P.O. Box 29404  
San Antonio, Texas 78229

Dear Mr. Lambert:

I would like to clarify some points raised in your March 7, 1984, letter, as well as your December 30, 1983, letter to Mr. Stone, which has been referred to me.

Enclosed is a copy of Colt's federal registration for "AR-15." "M16" is not federally registered, nor did I state it was. It is a common law mark associated with Colt and a representation of quality and designation of origin under the federal Lanham Act. "M16" means the rifle and parts are manufactured by or under license from Colt and accepted by the United States Army as its standard rifle, which meets or exceeds all of the military specifications, including government specified inspection and testing.

You raise the question of "reverse-engineering." In theory, "reverse-engineering" may not infringe Colt's rights, provided, among other things, that the designer legitimately "reverse-engineers" parts that do not infringe any unexpired Colt patents, using information derived solely from his analysis of the parts and not Colt or Colt-derived proprietary information. In practice, however, Colt and others who have considered the problem seriously question whether such an undertaking is possible, in that the resulting parts would not in fact be equivalent to and interchangeable with Colt parts. A part that does not carry an assurance of interchangeability with existing "M16" parts should not in any circumstances be designated, labeled, or advertised as an "M16" part.

I would also like to clarify what may be a misunderstanding about what you refer to as "the right to re-sell parts that are

available in the open market from legitimate sources." We would not dispute your statement as such, but point out two crucial questions: What is a legitimate source, and how are re-sold parts being labeled and advertised? We do not as yet know the source of the parts you are selling, and one of the purposes of my letter was to inquire about your sources and to put you on notice of one flagrantly illegitimate source of which we have become aware: Charles Christianson and his International Trade Services company. Foreign licensees of Colt are also forbidden by contract as well as by United States laws and regulations to make such sales.

In fact, the only legitimate source of "M16" parts is Colt, inasmuch as the United States Government, Colt's only current licensee, is forbidden by its license from selling "M16" rifles or parts commercially and by its own regulations from selling usable surplus parts; and suppliers of Colt and the Government are contractually precluded from selling parts made with Colt proprietary data, as are foreign licensees of Colt. If you are selling used or reconditioned "M16" parts, then it is false or deceptive to designate, label or advertise them as though they were new.

Because of your specific inquiry, I advise you that Colt is the owner by assignment of the following unexpired United States Letters Patent relating to certain features of Colt's "M16" rifles: No. 3,366,011 (Buffer Assembly) issued January 30, 1968; No. 3,618,24 (Buttstock Assembly) issued November 9, 1971; No. 3,440,751 (Magazine) issued April 29, 1969; and No. 3,619,929 (Magazine) issued November 16, 1971; and No. 3,348,328 (Adjustable Buttstock Assembly) issued October 24, 1967.

If your letters were written in good faith and to avoid potential litigation, as I assume they were, then I would urge you to write or call me about the sources of the parts you have been selling and to ensure that your future sales and advertising do not violate Colt's rights.

Very truly yours,

/s/ Kim J. Landsman

## Appendix G

September 14, 1984

Mr. Bruce Lambert  
Lone Star Ordnance  
P.O. Box 29404  
San Antonio, Texas 78229

Dear Mr. Lambert:

I appreciate the time and thought put into your June 6, 1984, letter, as well as your confirmation that Lone Star will change its advertising to avoid the problems I have previously raised. I also apologize for the length of time taken to respond. Although I hope that there will be no need for continued lengthy correspondence, several points raised in your letter deserve a response.

The authority for my statement as to the meaning of "M16" consists of caselaw under the Lanham Act. The origin of a term for a product, or even a nickname, is not determinative of whether the term may be considered a trademark. What matters is whether the source of the product has adopted the term and whether that term has become associated with a single source. Thus, that "M16" is a designation that came from the Army is not determinative; what is determinative is that Colt adopted and has advertised that designation, and that it has come to be associated with one source: Colt. You may also wish to know that the Final Judgment in the Springfield Armory litigation enjoins those defendants from "using the designation 'M16' other than to refer to rifles or parts made by Colt or pursuant to its licenses an made to Colt or U. S. Government specifications." A copy of the judgment is enclosed.

I also enclose, per your request, a copy of the U. S. Government's demilitarization manual. The Government is also prohibited by its license agreement with Colt, by which it obtained the ability to have "M16" parts made for it, from selling "M16" parts commercially. We appreciate your information that the



Government has not always complied with its demilitarization regulations and license agreement and intend to pursue the problem with the Government. Nevertheless, whether or not there is a legal barrier to your buying Government surplus, you are still obliged not to mislead the public about the source or quality of the parts obtained — *e.g.*, used or salvaged parts should not be advertised as though they were new. Note, in this respect, paragraph 2(h) of the enclosed Consent Judgment.

As to your comments about reverse engineering, you have greatly oversimplified the problem in stating that it can be done with a microcomputer, good measuring instruments, and a cheap computer program. The most sophisticated computer's product is no better than the information put in and the program used to evaluate it. Whatever information is placed into the computer from the standpoint of raw data such as tolerances and dimensions can only be made meaningful if properly oriented by the use of baselines, datums, basic dimensions, etc. Much of this, beyond a very rudimentary level, would entail a very sophisticated set of software that would have to be written specifically for this task, and would be nearly impossible without knowledge of currently used information from Colt drawings.

As to the ability you claim to be able to establish tolerances from measuring ten parts, all that measuring ten parts could possibly give you is a projected tolerance range of those parts, not the acceptable tolerance spread necessary for all such parts. You beg the question by speaking of "evaluating a sufficient number of representative parts." How would you know whether any specific ten parts you were measuring were representative? You would not in fact know whether any given parts were made consecutively yesterday or over a span of many years. Nor would you know whether one or more of the parts fell outside the tolerance band if, for example, they were accepted on waiver, or whether the dimensions and tolerance spread measured were acceptable to the mating sets of tolerances in another sub-assembly or assembly.

Consider, for example, a dimension that is produced by the size of the cutter used, such as the width of a slot. A new cutter is made to the maximum size possible to produce a slot width within tolerance. This new cutter cuts slots to the maximum width end of the tolerance spread and continues to make pieces in this area until the cutter becomes dull, after perhaps 500 pieces, depending upon conditions. The cutter is then reground to sharpen it. It now produces slot widths which all tend to be smaller than those produced with the new cutter. This process of regrinding continues until the cutter is producing slot widths at the minimum width end of the tolerance spread. After that point, it is discarded. It seems very unlikely to me that by measuring the slot width of ten pieces produced with, say, a new cutter you would deduce either the correct basic dimension or the correct tolerance.

Finally, I am not surprised that Mr. Christianson told you that the parts he sold were equal in quality to Colt-made parts, since the evidence is that he illegally bought them from a Colt supplier. We have been told that this activity has ceased.

I hope this letter will lay the issues to rest. If you have any further questions, please feel free to write or even call.

Very truly yours,

/s/ Kim J. Landsman

**Appendix H**

**In the United States District Court  
For the Central District of Illinois  
Rock Island Division**

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CHARLES R. CHRISTIANSON AND	)	
INTERNATIONAL TRADE SERVICES,	)	
INC.,	)	
a Massachusetts corporation,	)	
	)	
<i>Plaintiffs,</i>	)	
	)	Civil Action No.
vs.	)	84-4056
	)	
COLT INDUSTRIES OPERATING CORP.,	)	
a Delaware corporation,	)	
	)	
<i>Defendant.</i>	)	

**AFFIDAVIT OF SETH BREDBURY**

County of Hartford	)	
	)	ss
State of Connecticut	)	

Seth Bredbury, being duly sworn, states:

1. I am a United States citizen, 43 years old, and reside at Beech Hill Road, Colebrook, Connecticut.
2. I received a Bachelor of Science degree from the Massachusetts Institute of Technology in 1964. After graduation from M.I.T., I was employed by the United States government's Springfield Armory in a training program. Springfield Armory was engaged in the design and production of military small arms and I became a test engineer involved in testing those products. I have been advised that this \* \* \*

12. United States Patent No. 3,236,155 is discussed beginning at page 45 of plaintiffs' brief. The '155 patent issued February 22, 1966 on an application filed July 8, 1964, in the name of the inventor, F. E. Sturtevant, and is now expired. The '155 patent is directed to a manually operated auxiliary bolt closure mechanism. The patent drawings illustrate the use of such a mechanism in an "M16" rifle, and I know that it was used in the "M16A1" production version. In my opinion the mechanism could be used with many other gas-operated automatic or semiautomatic firearms with enclosed bolts. Claims 1-7 define the mechanism in a gas-operated firearm, while claims 8-15 are specific to the mechanism subassembly itself. In my opinion, one of ordinary skill in the art of designing and producing firearms as of July 1964 would have been able, based on a study of the '155 patent disclosure, to produce a gas-operated firearm of the type shown incorporating the invention defined in claims 1-7, or make a subassembly as defined in claims 8-15 and incorporate it into such a gas-operated firearm, without undue experimentation. The '155 patent drawings and specification clearly show how the claimed invention interacts and integrates with a particular gas-operated firearm, the "M16" rifle. Plaintiffs apparently do not contend (see Br. pp. 52-53) that any elements or features of the claimed invention that are shown in the preexisting drawings were omitted from the '155 patent disclosure, and I am not aware, and have not been advised, of a better mode that existed as of July 1964 for practicing the claimed invention than that disclosed in the patent. As best I can determine from plaintiffs' brief, their only contention is that the '155 patent does not disclose production specifications and therefore does not explicitly teach how to make parts and subassemblies that would be interchangeable with those of a genuine Colt "M16" rifle, but the patent claims do not require that the parts and subassemblies be interchangeable in that manner.

\* \* \*

## Appendix I

### 28 U.S.C. §1295

Jurisdiction of the United States Court of Appeals for the Federal Circuit

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction —

(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346(f) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

(3) of an appeal from a final decision of the United States Claims Court;

(4) of an appeal from a decision of —



(A) the Board of Patent Appeals and Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. §1071); or

(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

(5) of an appeal from a final decision of the United States Court of International Trade;

(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. §1337);

(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States (relating to importation of instruments or apparatus);

(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. §2461);

(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5; and

(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. §607(g)(1)).

(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to

the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10(b) of the Contract Disputes Act of 1978 (41 U.S.C. §609(b)). The head of each executive department or agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

(c) The Court of Appeals for the Federal Circuit shall review the matter referred in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative cases pending in such court, shall determine the issue of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.

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#### 28 U.S.C. §1291

The courts of appeals (other than the United States Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title.

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#### 28 U.S.C. §1338

Patents, plant variety protection, copyrights, trademarks, and unfair competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to pat-

ents, plant variety protection, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trade-mark laws.

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#### 28 U.S.C. §1631

Whenever a civil action is filed in a court as defined in section 610 of this title or an appeal, including a petition for review of administrative action, is noticed for or filed with such a court and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it was transferred.

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#### 15 U.S.C. §1

Trusts, etc., in restraint of trade illegal; penalty

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal. Every person who shall make any contract or engage in any combination or conspiracy hereby declared to be illegal shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

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#### 15 U.S.C. §2

Monopolizing trade a felony; penalty

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

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#### 15 U.S.C. §15

Suits by persons injured

(a) Amount of recovery; prejudgment interest

Except as provided in subsection (b) of this section, any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee. The court may award under this section, pursuant to a motion by such person promptly made, simple interest upon actual damages for the period beginning on the date of service of such person's pleading setting forth a claim under the antitrust laws and ending on the date of judgment, or for any shorter period therein, if the court finds that the award of such interest for such period is just in the circumstances. In determining whether an award of interest under this section for any period is just in the circumstances, the court shall consider only—

(1) whether such person or the opposing party, or either party's representative, made motions or asserted

claims or defenses so lacking in merit as to show that such party or representative acted intentionally for delay, or otherwise acted in bad faith;

(2) whether, in the course of the action involved, such person or the opposing party, or either party's representative violated any applicable rule, statute, or court order providing for sanctions for dilatory behavior or otherwise providing for expeditious proceedings; and

(3) whether such person or the opposing party, or either party's representative, engaged in conduct primarily for the purpose of delaying the litigation or increasing the cost thereof.

(b) Amount of damages payable to foreign states and instrumental titles of foreign states

(1) Except as provided in paragraph (2), any person who is a foreign state may not recover under subsection (a) of this section an amount in excess of the actual damages sustained by it and the cost of suit, including a reasonable attorney's fee.

(2) Paragraph (1) shall not apply to a foreign state if—

(A) such foreign state would be denied, under section 1605(a)(2) of Title 28 immunity in a case in which the action is based upon a commercial activity, or an act, that is the subject matter of its claim under this section;

(B) such foreign state waives all defenses based upon or arising out of its status as a foreign state, to any claims brought against it in the same action;

(C) such foreign state engages primarily in commercial activities; and

(D) such foreign state does not function, with respect to the commercial activity, or the act, that is the subject matter of its claim under this section as a procurement entity for itself or for another foreign state.

(c) Definitions

For purposes of this section—

(1) the term "commercial activity" shall have the meaning given it in section 1603(d) of Title 28, and

(2) the term "foreign state" shall have the meaning given it in section 1603(a) of Title 28.

### 15 U.S.C. §26

Injunctive relief for private parties; exception; costs

Any person, firm, corporation, or association shall be entitled to sue for and have injunctive relief, in any court in the United States having jurisdiction over the parties, against threatened loss or damage by a violation of the antitrust laws, including sections 13, 14, 18, and 19 of this title, when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for and injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue: Provided, That nothing herein contained shall be construed to entitle any person, firm, corporation, or association, except the United States, to bring suit in equity for injunctive relief against any common carrier subject to the provisions of subtitle IV of Title 49, in respect of any matter subject to the regulation, supervision, or other jurisdiction of the Interstate Commerce Commission. In any action under this section in which the plaintiff substantially prevails, the court shall award the cost of the suit, including a reasonable attorney's fee, to such plaintiff.

### 35 U.S.C. §112

Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any



person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specifications and equivalents thereof.

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### 35 U.S.C. §154

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, subject to the payment of fees as provided for in this title, of the right to exclude others from making, using,

or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.